AllianceBernstein

Global Capital Markets Outlook

Simon Says: Stick the Landing

Third Quarter 2026

Timeline of AB's Capital Markets Outlook Themes

2024

1Q:24—"What to Expect When You're Expecting Normalization"

- After experiencing a period of resistance, we continued to anticipate a soft landing

2Q:24—"At the Intersection of Hope and Fear"

- Identified the underlying macro picture as improving, even though the headline numbers during 1Q:24 appeared worrisome

3Q:24—"Distinguishing Signal from Noise"

- Recognized that the data were continuing to be noisy, but we believed the soft-landing signal was growing stronger

4Q:24—"Normalization: Endgame"

- Highlighted the latter stages of the normalization process; began to exit the pandemic economy…

2025

1Q:25—"Mind the Gaps"

- …and entered the post-pandemic economy with a degree of caution, as we faced new known unknowns and high market valuations

2Q:25—"At the Intersection of Fear and Hope"

- Acknowledged the very different routes the economy could take after the recent period of elevated fiscal policy-related volatility

3Q:25—"Red Light, Green Light…Yellow Light?"

- Reintroduced the theme of caution after the strong rebound, as policy uncertainty was expected to weigh on returns

4Q:25—"Kicking the Can Down the Tightrope"

- Emphasized a growing complacency by investors as markets ignored an increasing number of yellow lights

2026

1Q:26—"Keep AI on the Prize"

- Reminded investors to be mindful of the likely nonlinear nature of markets as we navigated between current fundamentals and high forward expectations

2Q:26—"At the Intersection of AI and All the Other Stuff"

- After increased geopolitical uncertainty, we find ourselves at a crossroads. Through the noise, we see measured upside ahead

3Q:26—"Simon Says: Stick the Landing"

- Post-rally, we continue to see upside potential, but with expectations priced for perfection, the path is increasingly narrow

Current analysis does not guarantee future results.

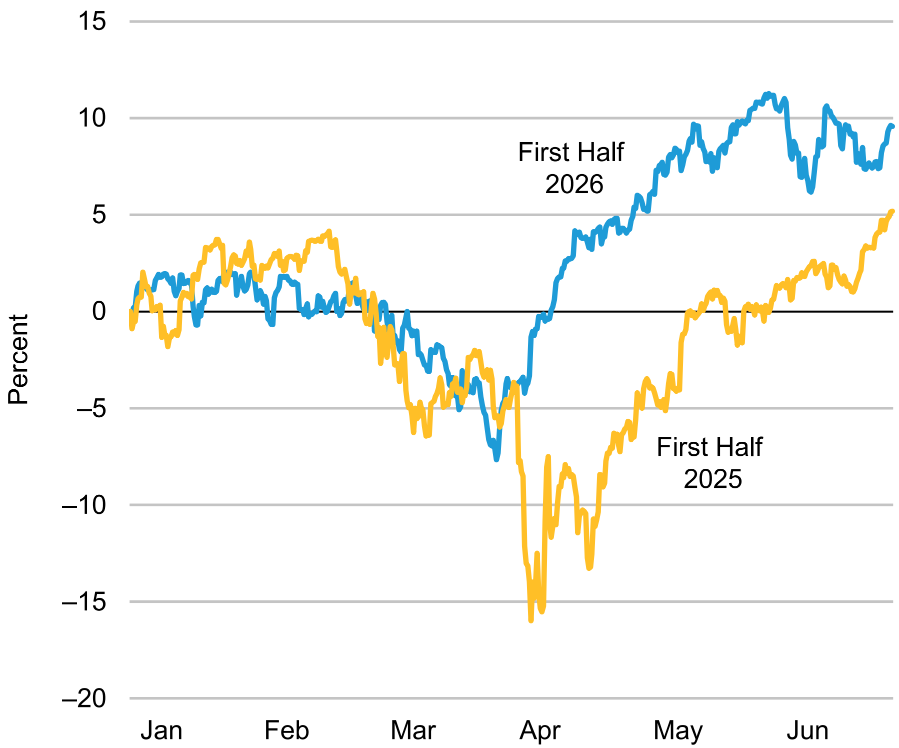
Source: AB

Simon Says: Stick the Landing

Can companies deliver on such high earnings expectations?

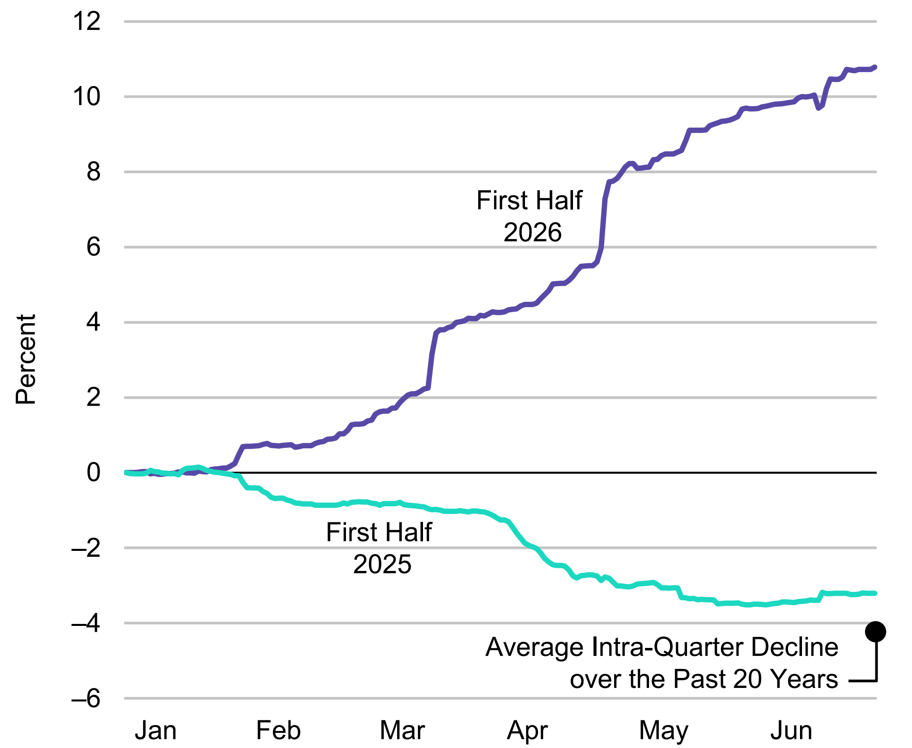
The Sequence of Returns During the First Half of 2025 and the First Half of 2026 Look Remarkably Similar

S&P 500 performance (normalized)



However, the Driver Behind Each Rally Was Remarkably Different

S&P 500 change in earnings expectations (normalized)

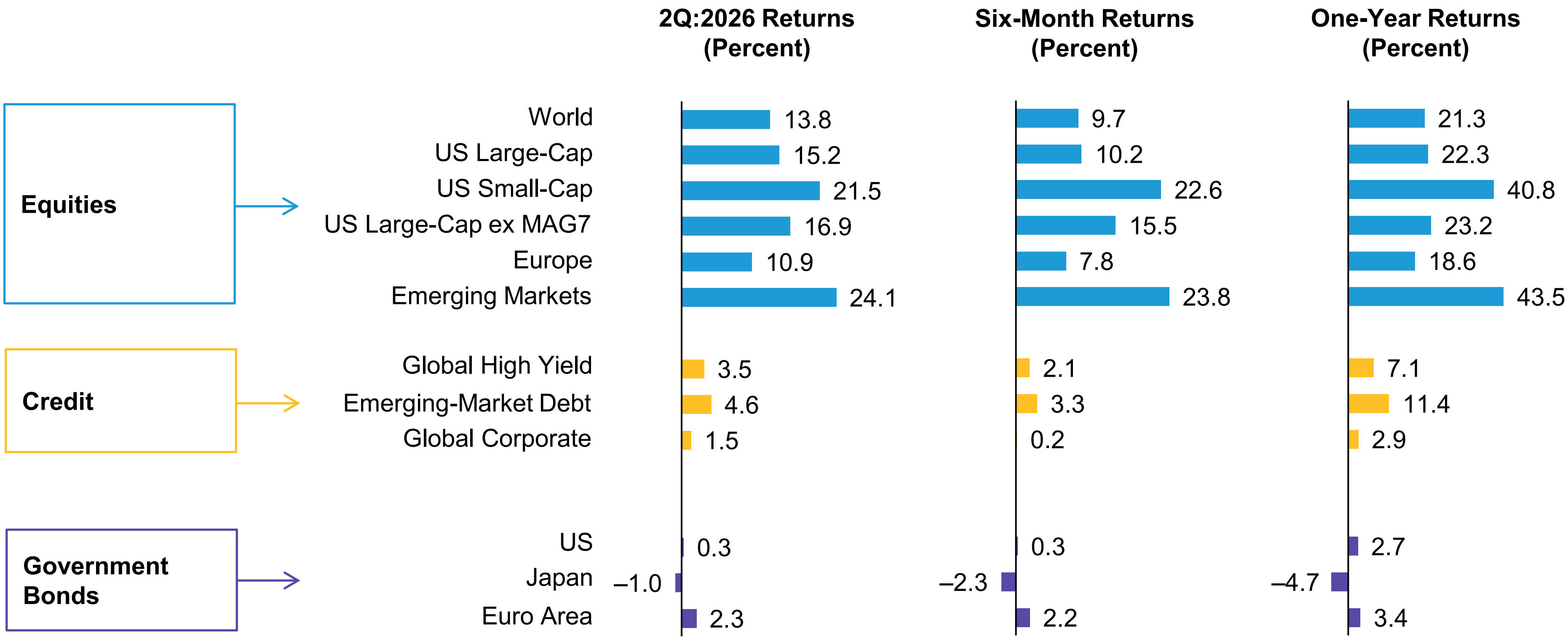


Current analysis does not guarantee future results.

As of 30 June 2026

Source: Bloomberg, FactSet and AB

2Q26: After Back-to-Back Disappointing Quarters, US Equities Posted Their Best Quarter in Years



Past performance does not guarantee future results.

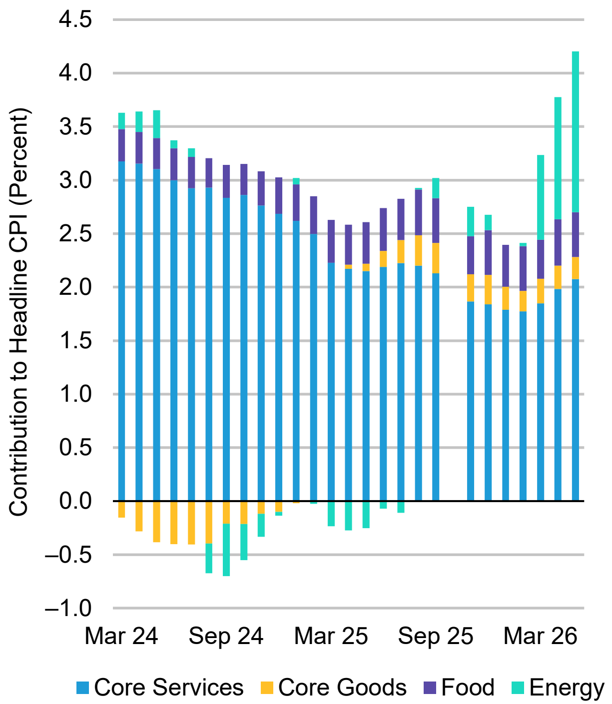
Returns in US dollars. “World”, “Emerging-Markets” and “Europe” returns are net returns; all other returns are total returns. Japan government bonds are in hedged USD terms. All other non-US returns are in unhedged USD terms. US large-cap is represented by S&P 500. US small-cap is represented by Russell 2000. US large-cap ex MAG7 is represented by Bloomberg US Large Cap ex Magnificent 7 Total Return. Emerging-market debt returns are for dollar-denominated bonds as represented by the J.P. Morgan Emerging Markets Bond Index Global Diversified. An investor cannot invest directly in an index, and its performance does not reflect the performance of any AB portfolio. The unmanaged index does not reflect the fees and expenses associated with the active management of a portfolio.

As of 30 June 2026

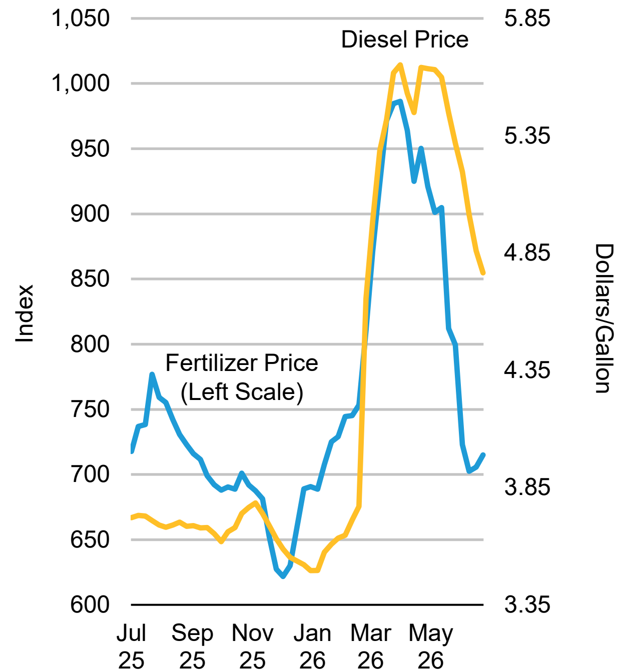
Source: Bloomberg, J.P. Morgan, FTSE Russell, MSCI, Standard & Poor’s (S&P) and AB

The Inflationary Impact of the Strait of Hormuz Closure Appears Contained, Despite the On-Again, Off-Again Ceasefire

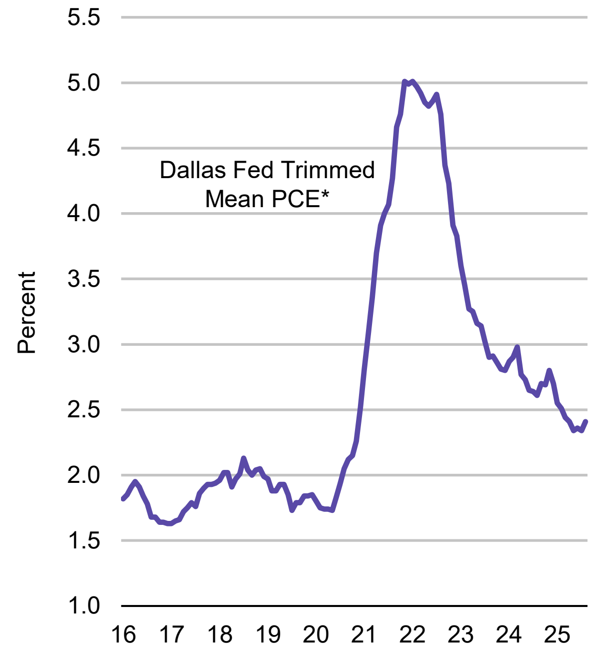
While Headline Inflation Has Increased, Price Pressures Have Been Less Broad-Based than Initially Feared



But What About a Delayed Impact?
The categories most exposed to the conflict have moved lower



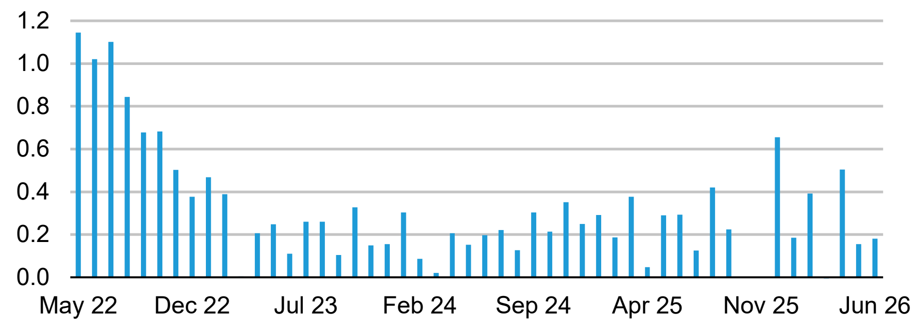
The New Fed Chair's Preferred Inflation Measure Also Points to More Narrow Inflation



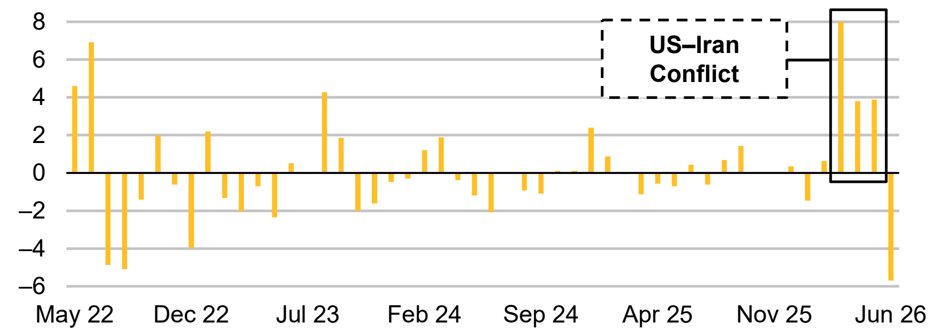
Current analysis does not guarantee future results.
PCE: personal consumption expenditures
*Discards 24% of expenditures with the lowest price change and 31% with the highest, then takes the weighted average of the remaining categories
As of 3 July 2026
Source: Bloomberg, Federal Reserve Bank of Dallas, Green Markets and AB

Beyond the War, the Inflation Picture *Is* Showing Signs of Improvement…

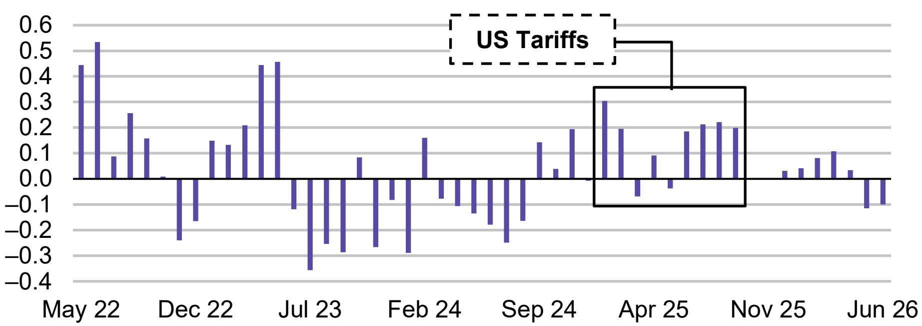
Food Prices MoM (Percent)



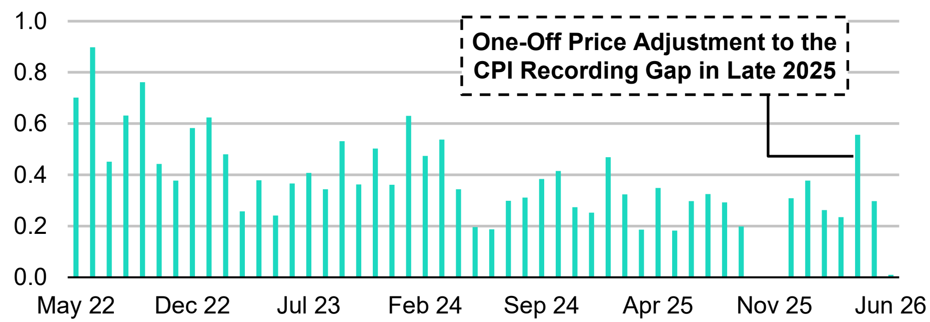
Energy Prices MoM (Percent)



Goods Prices MoM (Percent)



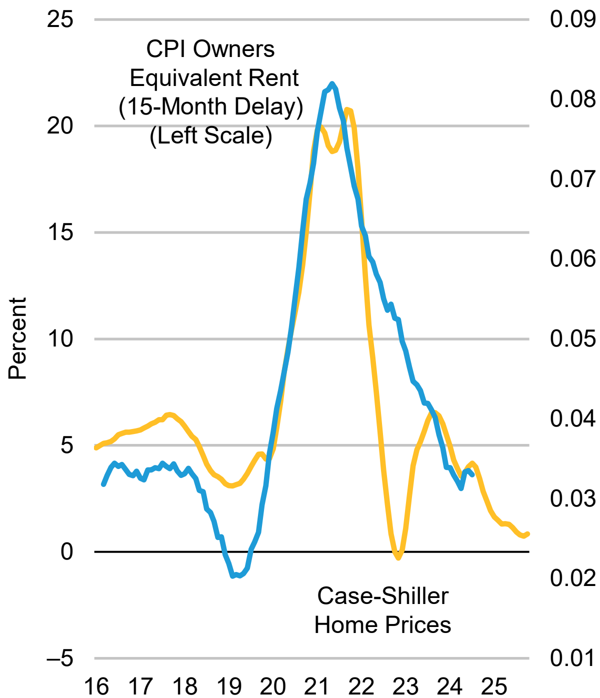
Services Prices MoM (Percent)



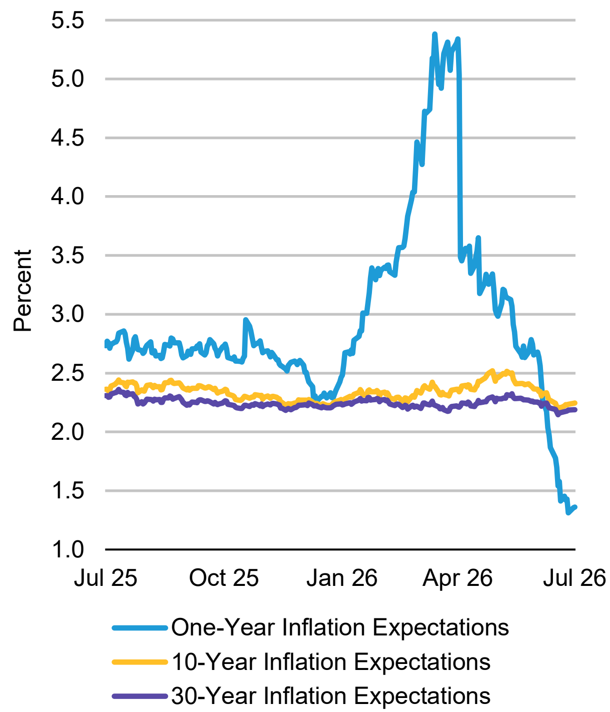
Current analysis does not guarantee future results.
MoM: month over month
Data are seasonally adjusted.
As of 14 July 2026
Source: Bloomberg, US Bureau of Labor Statistics and AB

…and Is Expected to Make Gradual Progress from Here

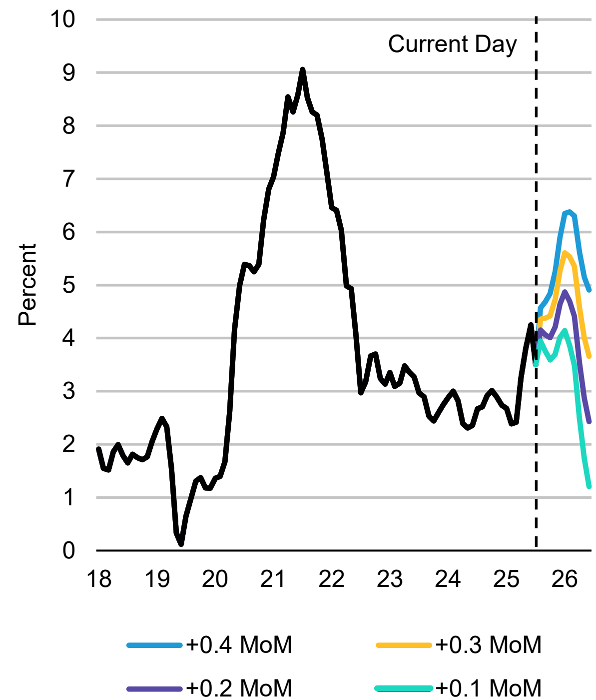
Reason #1
Outside commodity and goods disinflation, CPI's main contributor is heading lower



Reason #2
Inflation expectations remain anchored in both the short and long terms



Reason #3
Base effects will eventually work in favor of the headline CPI reading

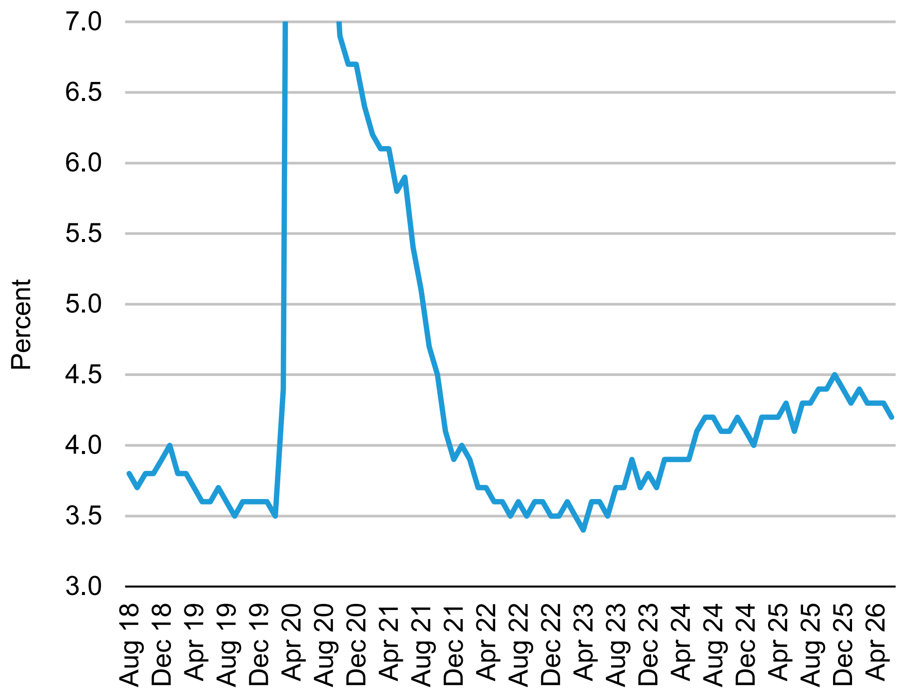


Current analysis does not guarantee future results.
MoM: month over month
As of 14 July 2026
Source: Bloomberg, S&P Cotality Case-Shiller Home Price Index, US Bureau of Labor Statistics and AB

The Labor Market Appears to Have Stabilized Recently

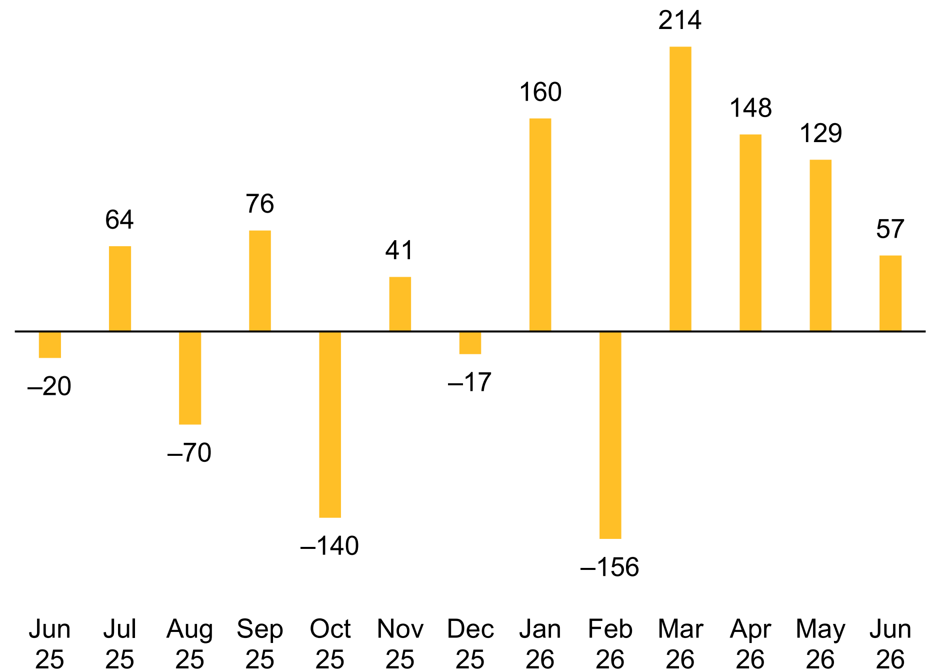
Unemployment Rate

Appears to be steadying after rising into year-end



Nonfarm Payrolls

2026 is off to a more consistent start after an uneven 2025 (thousands)



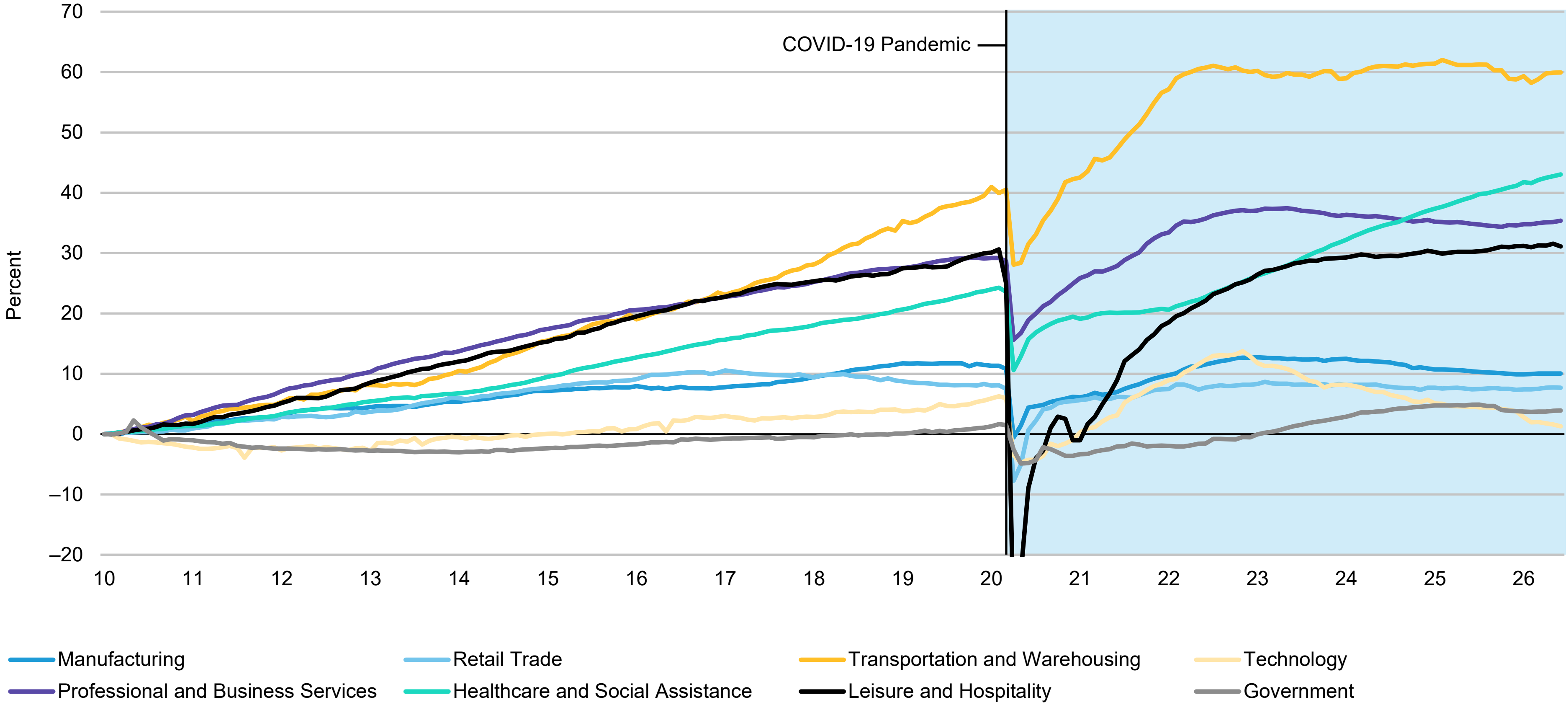
Current analysis does not guarantee future results.

As of 2 July 2026

Source: Bloomberg, US Bureau of Labor Statistics and AB

However, Under the Surface, Labor Is Telling a Slightly More Chaotic Story

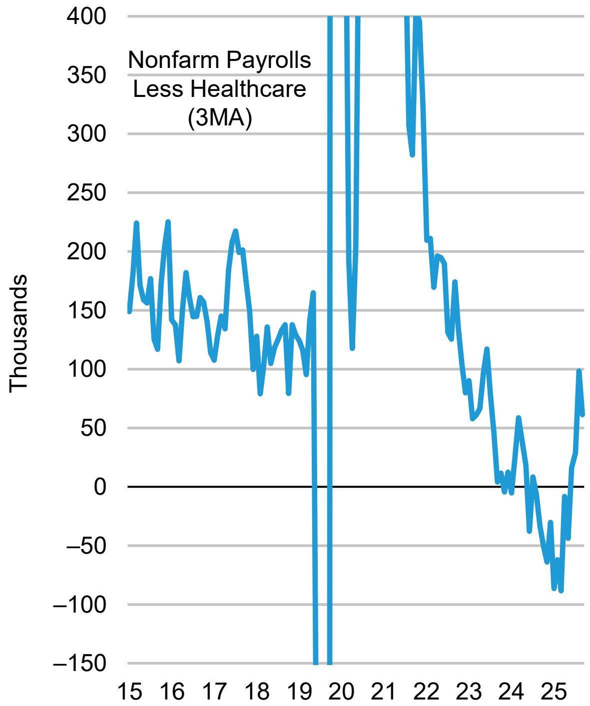
Post-GFC, labor growth was diverse and linear; post-COVID-19, not so much



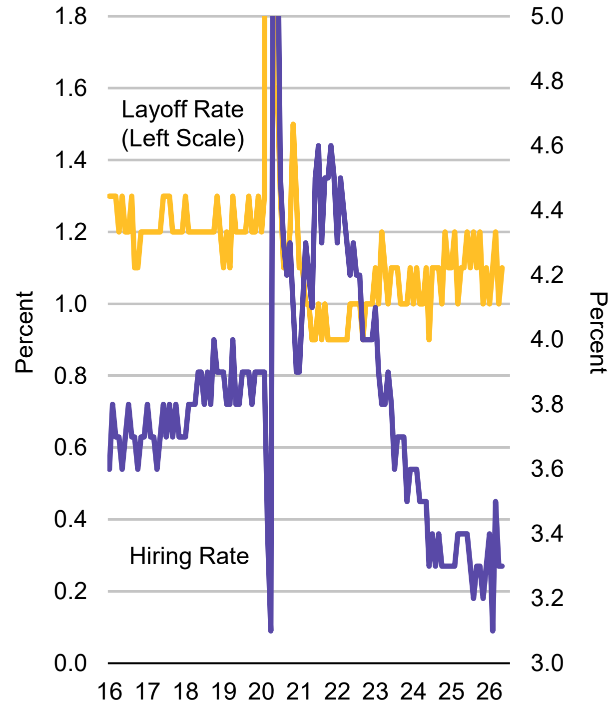
Current analysis does not guarantee future results.
GFC: global financial crisis
As of 2 July 2026
Source: Bloomberg, US Bureau of Labor Statistics and AB

Ultimately, This Is a Mature, Narrow, Low-Hire, Low-Fire Job Market

Outside of Healthcare, Job Growth Remains Limited

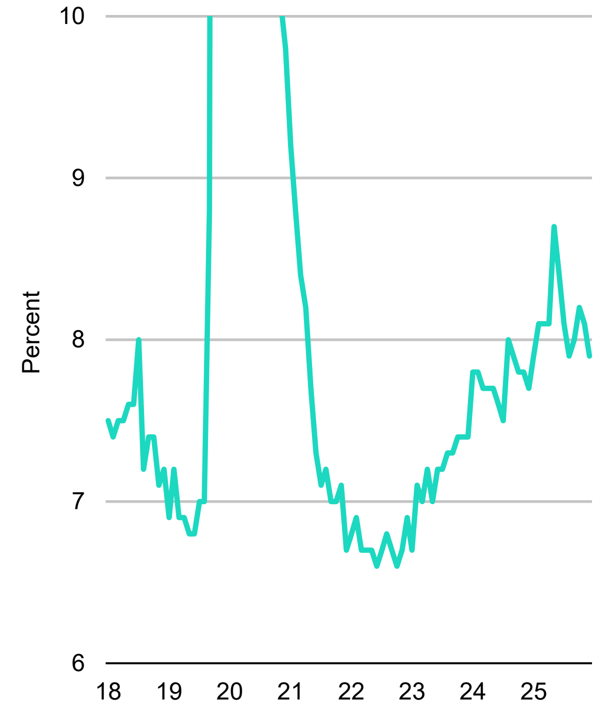


Fortunately, Slower Hiring Has Not Resulted in More Layoffs…



…but It Does Mean the Buffer Is Gone

What to watch: U-6 unemployment rate



Current analysis does not guarantee future results.

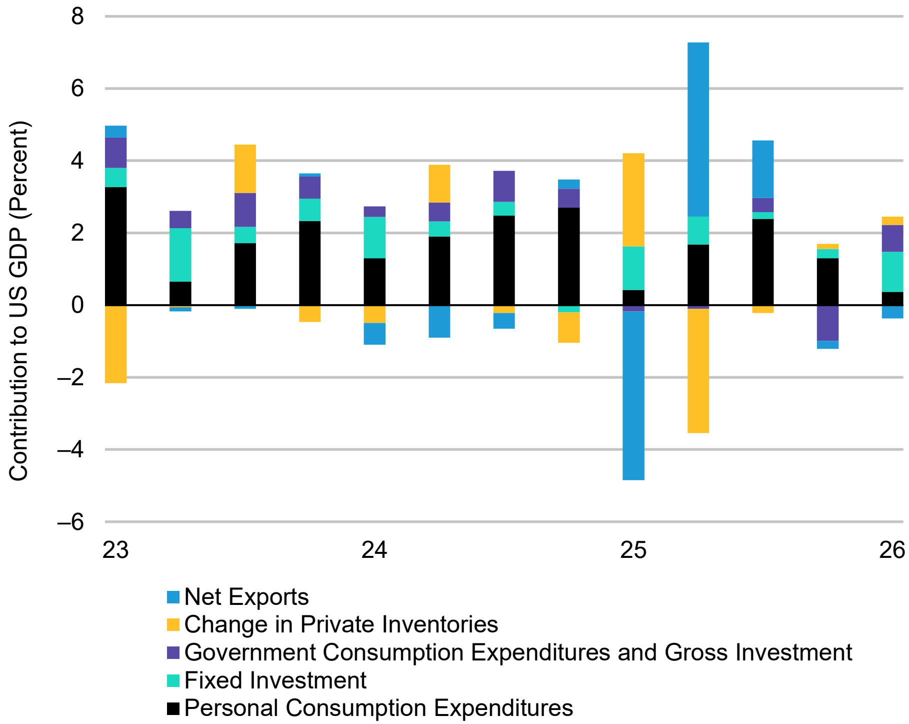
3MA: three-month moving average

As of 2 July 2026

Source: Bloomberg, US Bureau of Labor Statistics and AB

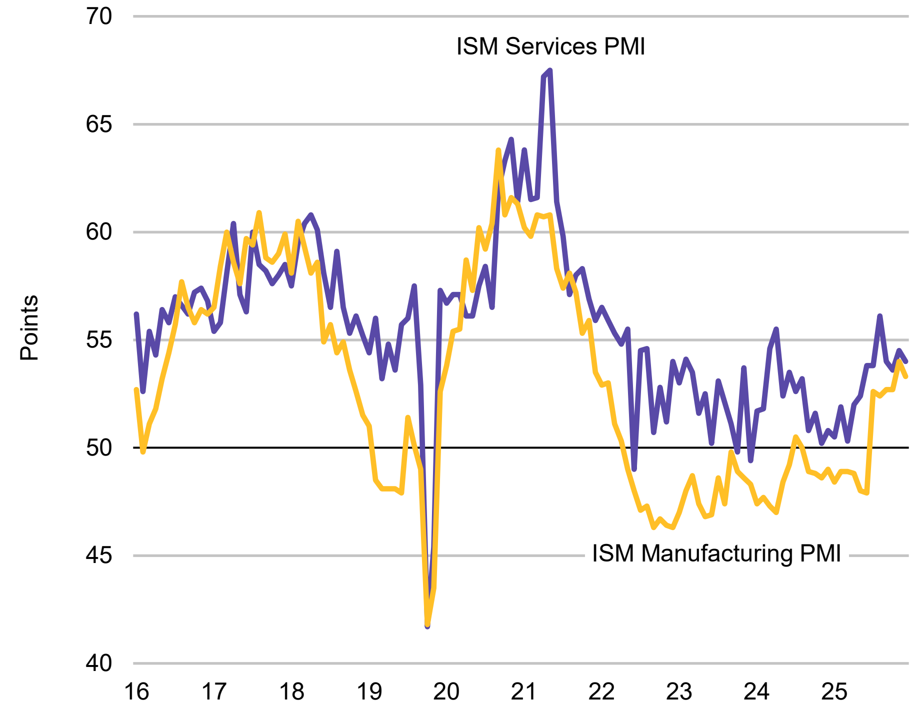
Growth Remains Remarkably Unremarkable

Growth Has Largely Become the Forgotten Child…



…as Most Growth Indicators Are Showing Signs of Stability

A reading below 50 is a sign of economic contraction



Current analysis does not guarantee future results.

ISM: Institute for Supply Management

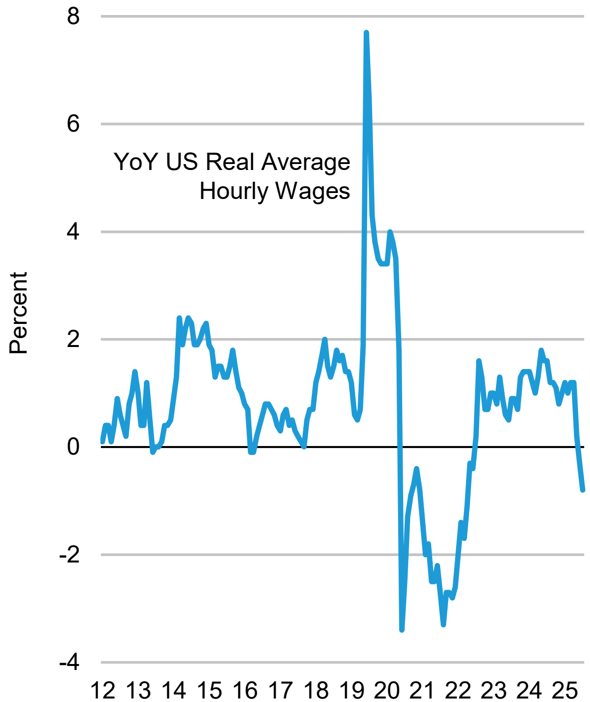
As of 30 June 2026

Source: Bloomberg, Bureau of Economic Analysis, Institute for Supply Management and AB

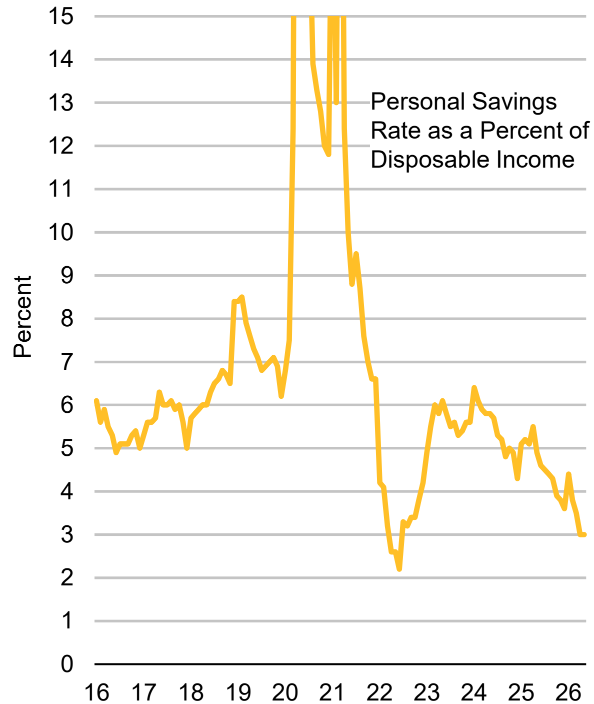
As Goes Labor, So Goes Growth

Potential limitations for growth worth keeping an eye on

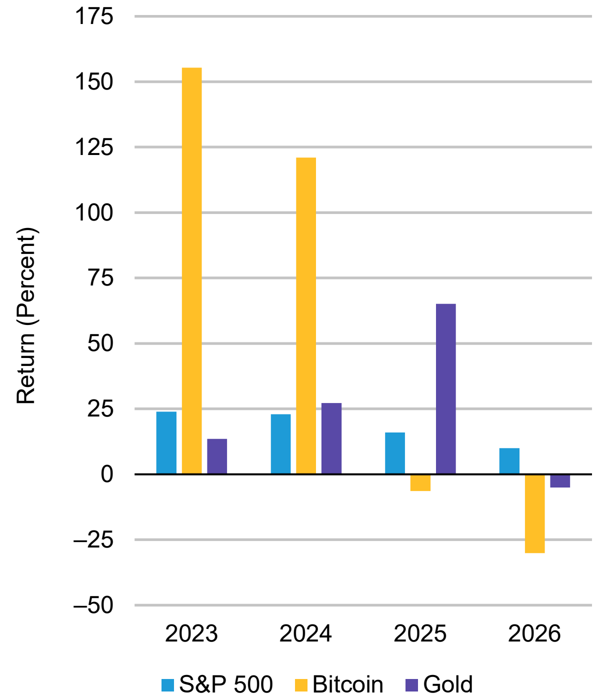
Real Wages Have Turned Negative After the Most Recent Price Shock



Consequently, in Order to Keep Up, People Are Saving Less Money



Simultaneously, a Diminishing Wealth Effect May Limit Growth Potential



Current analysis does not guarantee future results.

YoY: year over year

As of 8 July 2026

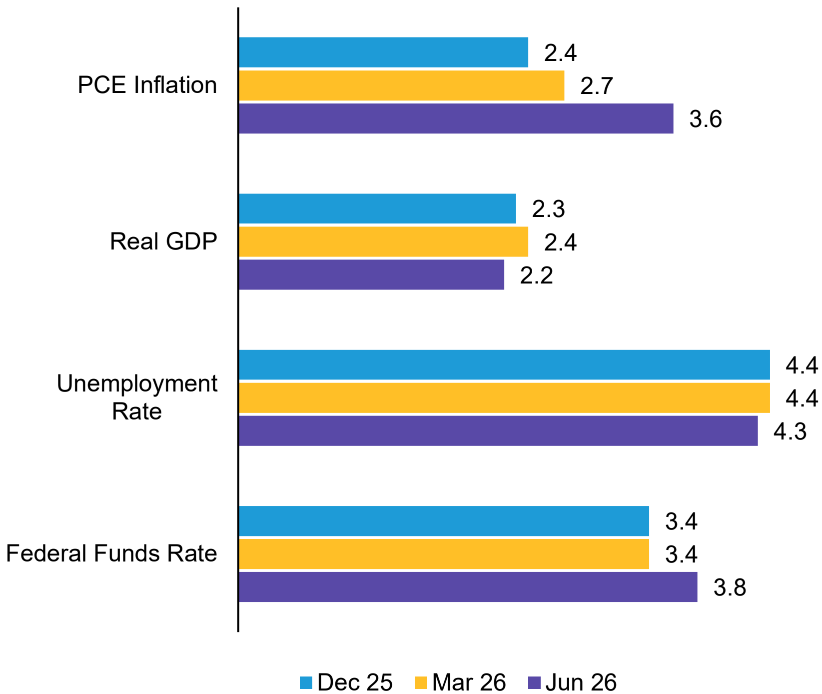
Source: Bloomberg, Bureau of Economic Analysis, S&P and AB

Rates: The Fed's View

Rates are having an "uneven" effect on the economy

Change in Fed's Year-End 2026 Estimates

Commodity-driven inflation pushes up rate expectations for YE



Fed Dot Plot

Current range of the federal funds rate: 3.50% to 3.75%

	2026	2027	2028	Longer Run
5.25	—	—	—	—
5.00	—	—	—	—
4.75	—	—	—	—
4.50	•	•	—	—
4.25	•••••	••	—	—
4.00	•••	•••••	•••	••
3.75	••••••••	••	•••••	••
3.50	•	•••	••	•••
3.25	—	••••	••••••	••
3.00	—	•	•	•••••••••
2.75	—	—	—	—
2.50	—	—	—	—
2.25	—	—	—	—
2.00	—	—	—	—
1.75	—	—	—	—

"I reviewed the dot plots, and when I saw the submissions, I noted that all the submissions were coming in with pencils, you know those kinds with the big erasers. That's to say that I think my colleagues…understand the world is changing quite quickly. They didn't feel bound by them six weeks…or six days from now."

—Kevin Warsh (17 June 2026)

Current analysis does not guarantee future results.

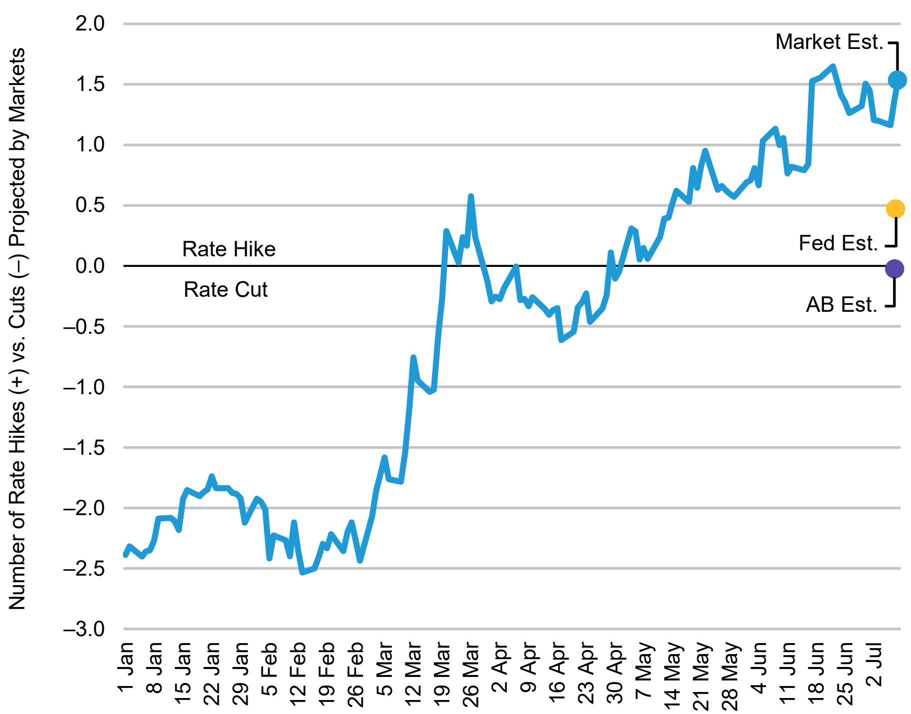
PCE: personal consumption expenditures; YE: year-end. The gold dot in the right display is approximately the median dot for the upper threshold.

As of 30 June 2026

Source: Bloomberg, US Federal Reserve and AB

Rates: Our View

Base Case Is for Zero Rate Hikes



The Bar for a Rate Hike Remains High

	Fear*	Reality
Inflation	Reaccelerating and becoming more broad-based	Has likely peaked. Tariff-related inflation is largely behind us, commodity disinflation is on the horizon, and cooling home prices should ease services inflation, while inflation expectations remain well anchored.
Labor	The potential to overheat	The labor market remains strong for healthcare workers, but virtually every other sector is either adding very few jobs or experiencing employment declines.
Growth	Strong	Sitting around neutral, but is facing headwinds from negative real wage growth, a historically low and declining savings rate, and a fading wealth effect.

Current analysis does not guarantee future results.
*In terms of those fearing a rate hike
As of 8 July 2026
Source: Bloomberg, US Federal Reserve and AB

Macro Summary

AB Global Economic Forecast

	Real Growth (Percent)		Inflation (Percent)		Official Rates (Percent)		Long Rates (Percent)	
	26F	27F	26F	27F	26F	27F	26F	27F
Global ex Russia	2.6	2.6	3.5	2.8	3.86	3.50	4.35	4.31
Industrial Countries	1.6	1.7	3.2	2.4	3.09	2.76	3.72	3.69
Emerging Countries	3.8	3.8	4.1	3.6	5.57	4.97	5.11	5.00
US	**2.2**	**2.2**	**3.3**	**2.4**	**3.63**	**3.38**	**4.25**	**4.50**
Euro Area	0.7	1.0	3.0	2.4	2.50	2.00	2.75	2.60
UK	0.8	1.0	3.6	2.7	3.75	3.00	4.85	4.10
Japan	1.0	1.0	2.5	2.0	1.00	1.25	2.50	2.25
China	4.5	4.3	1.0	1.5	1.00	1.25	2.00	2.25

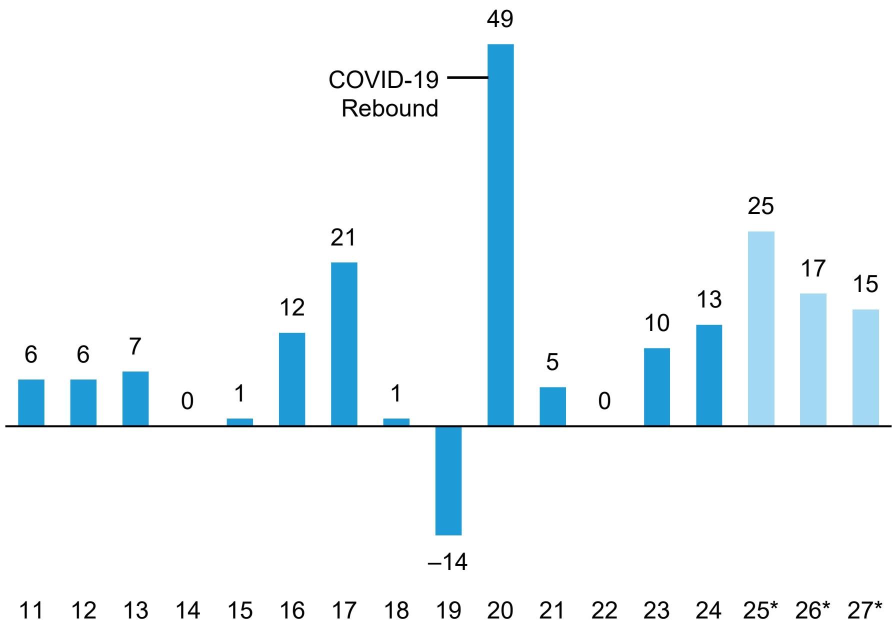
Past performance and current analysis do not guarantee future results.
Inflation is a Core Consumer Price Index (CPI) estimate. Growth and inflation forecasts are calendar-year averages. Interest rates are year-end forecasts. Real growth aggregates represent 29 country forecasts, not all of which are shown. Long rates are 10-year yields.
As of 30 June 2026
Source: AB

S&P 500 Earnings: Can Trees Actually Grow to the Sky?

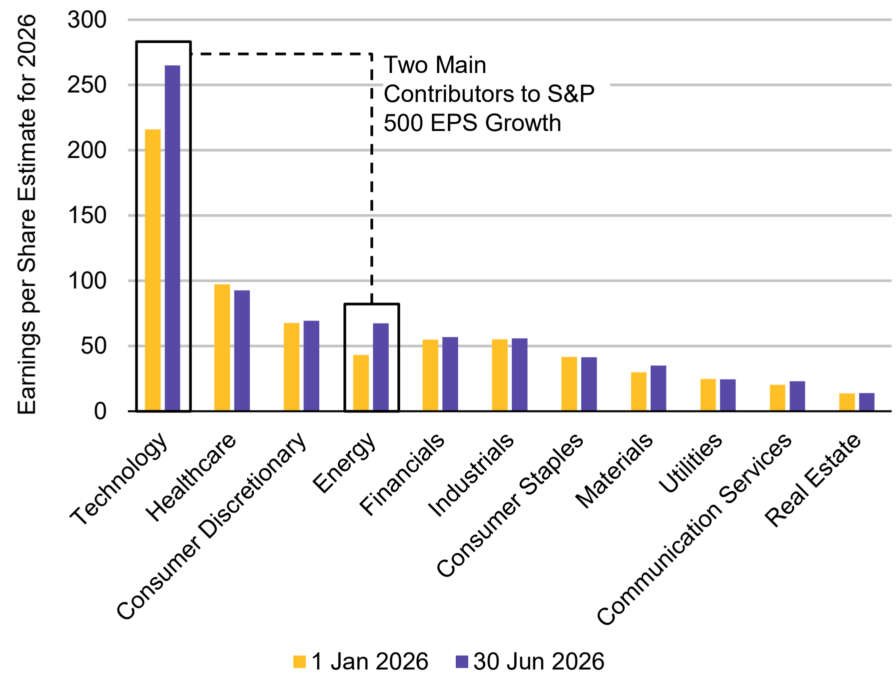
While possible, sticking the landing won't be easy

If Realized, These Earnings Would Mark the Strongest Consecutive Earnings Growth This Millennium—By a Wide Margin

CY earnings growth for S&P 500 companies (percent)



One Layer Deeper: AI and War-Driven Oil Prices Push 2026 Earnings-Growth Expectations to Historic Levels



Historical analysis and current forecasts do not guarantee future results.

CY: calendar-year; EPS: earnings-per-share

*Forecast by markets

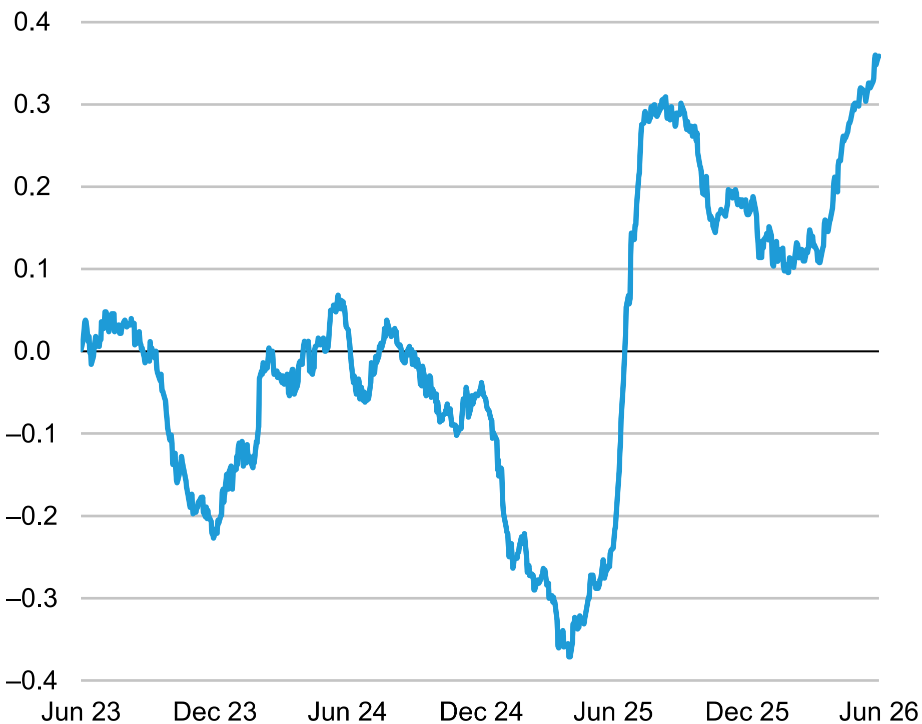
As of 30 June 2026

Source: Bloomberg, J.P. Morgan, S&P and AB

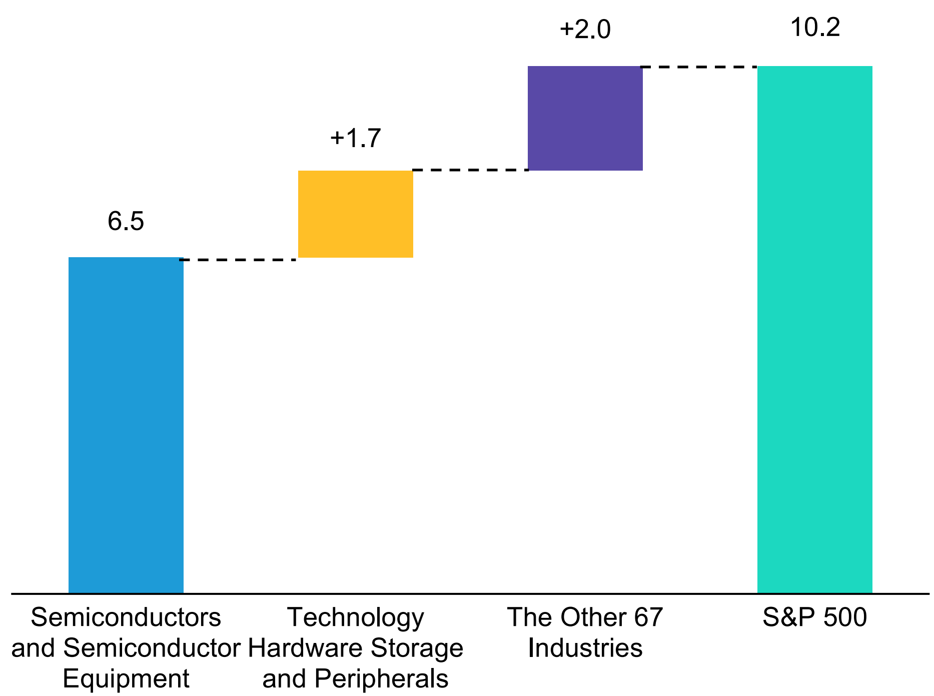
Does a Rising Tide Still Lift All Boats?

Dissonance between revisions and returns breadth

EPS Revisions Breadth Is the Highest It's Been in Three Years
S&P 500 EPS revisions ratio



80% of Year-to-Date Returns Driven by Two Industries
Industry-level contribution to return (percent)

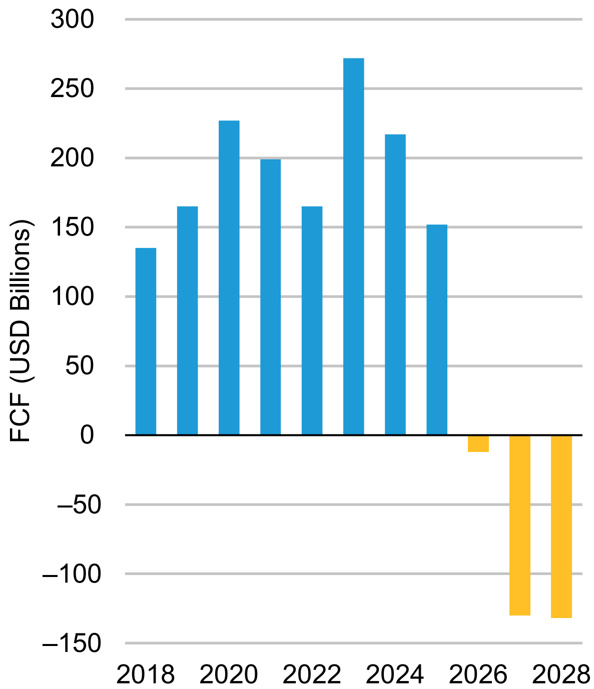


Past performance does not guarantee future results.
EPS: earnings-per-share
As of 30 June 2026
Source: FactSet, S&P and AB

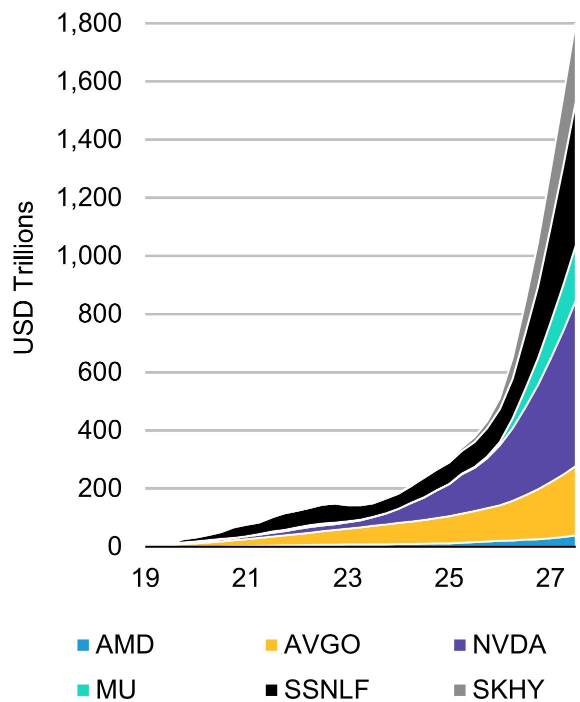
AI Build-Out: Chipmakers Are Winning, While Others Are Under Scrutiny

Hyperscalers' cash flows are being squeezed, and enterprises are pushing back on token costs

Hyperscalers' Free Cash Flow Is Under Pressure…

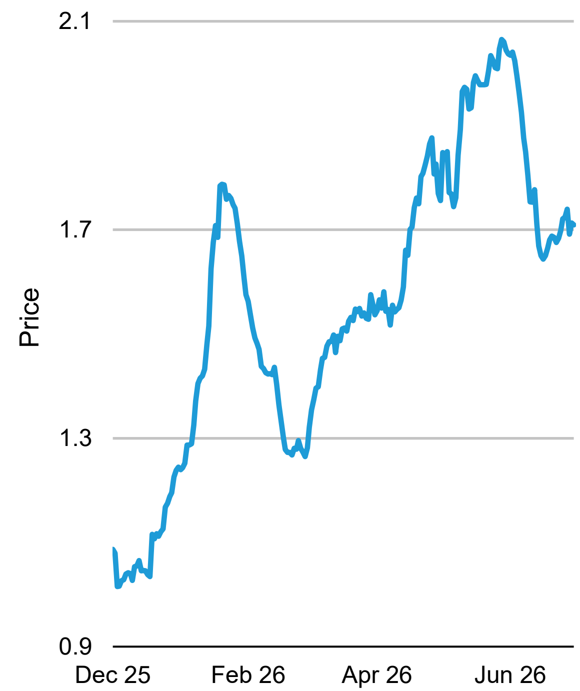


…While Chipmakers' Free Cash Flow Is Expected to Be Robust



The Priciest "Tokenmaxxing" Is Being Rationalized

Silicon data LLM token expenditure index



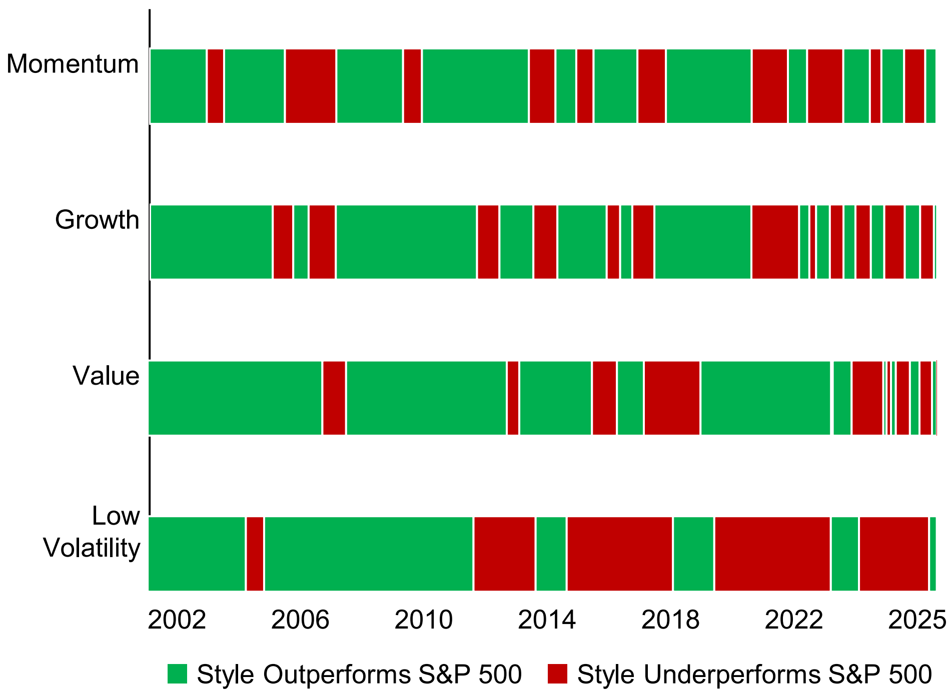
Past performance and current analysis do not guarantee future results. References to specific securities discussed are not to be considered recommendations by AllianceBernstein L.P.

AMD: Advanced Micro Devices; AVGO: Broadcom; FCF: free cash flow; LLM: large language model; MU: Micron Technology; NVDA: NVIDIA; SKHY: SK Hynix; SSNLF: Samsung Electronics. Hyperscalers: Alphabet Inc. (Google), Amazon, Meta Platforms, Microsoft and Oracle

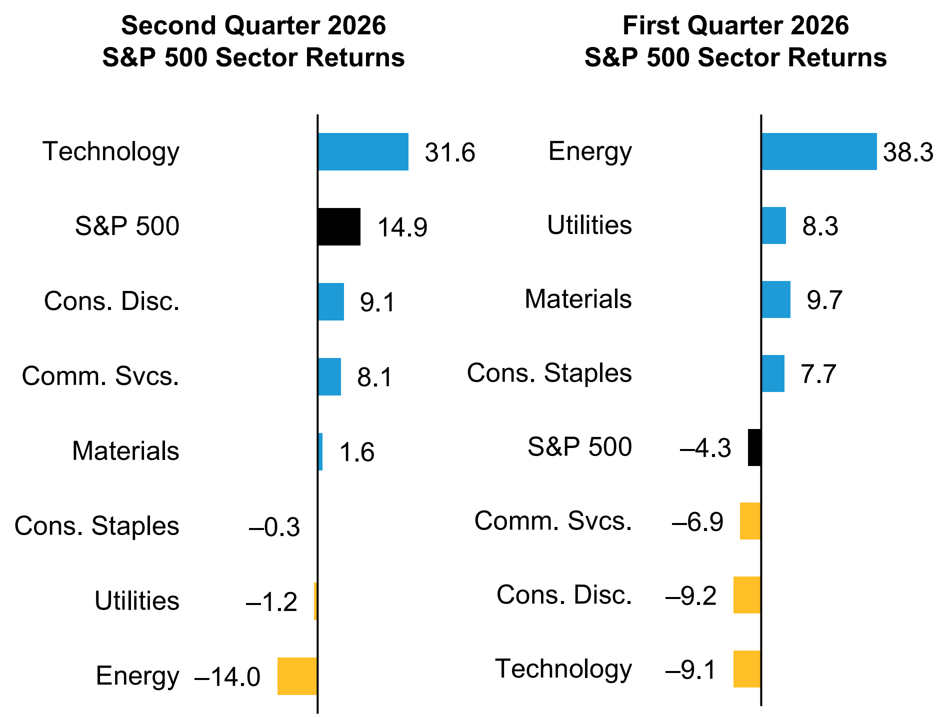
As of 22 June 2026. Source: Bank of America, Bloomberg, International Data Corporation and AB

The Case for Flexible Core Equities Remains Intact

Over the Last Five Years, Style Performance Has Rotated Every 224 Days on Average vs. 796 Days Between 2010 and 2015
US style factor rotations: 2002–2025 (length of time)*



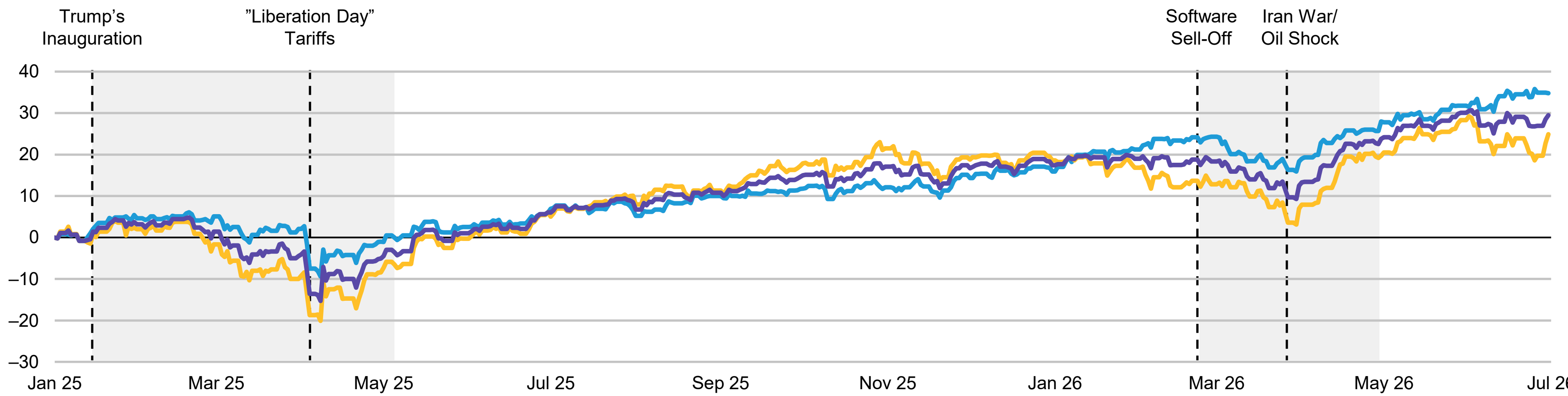
Growth's Comeback Was Fierce in the Second Quarter
I get knocked down, but I get up again (percent)



Past performance does not guarantee future results.
*Style rotation defined as factor performance from peak to trough or trough to peak
As of 30 June 2026
Source: Barra, Bloomberg, FactSet, S&P and AB

Value Stocks More Defensive than You Think: Strong Gains Despite Recent Market Shocks

Russell 1000 Style Indices: Cumulative Daily Returns
Since 1 January 2025 (USD, percent)



	Trump Inauguration and Tariff Shock (20 Jan 2025–30 Apr 2025)	Software Sell-Off and Iran War Shock (27 Jan 2026–31 Mar 2026)	Cumulative Returns (1 Jan 2025–30 Jun 2026)
Russell 1000 Value Index	–1.3%	–0.12%	34.8%
Russell 1000 Index	–3.2%	–0.37%	29.5%
Russell 1000 Growth Index	–7.2%	–0.63%	24.9%

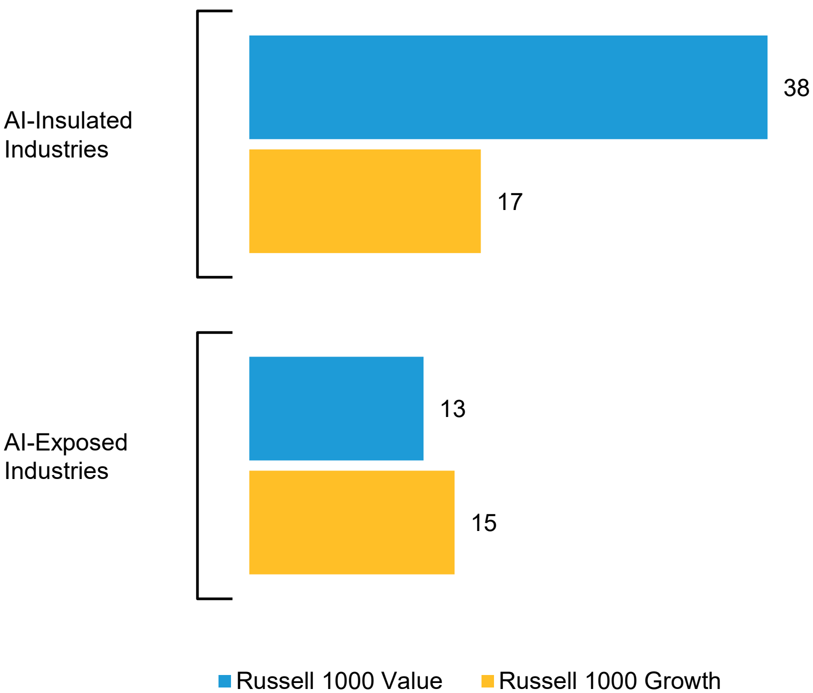
Past performance and current analysis do not guarantee future results.
Indexed to 1 January 2025. US President Donald Trump's inauguration was on 20 January 2025; "Liberation Day" was on 2 April 2025; tech/software stocks sell-off began on 27 January 2026; US/Israel attacks on Iran launched on 28 February 2026
As of 30 June 2026
Source: FTSE Russell and AB

Value Tilts Toward Industries with Lower Exposure to AI Disruption

Many stocks have strong earnings potential in a diverse array of themes

Industry Weights in Benchmarks*

US (percent)



Finding Growth Within Value

Healthcare Services for Older Seniors
2026/2027 YoY EPS Growth: 11%

- Population growth of seniors age 75+ is outpacing overall demographics, supporting strong demand for specialized healthcare services.

Agriculture Cycle and Productivity
2026/2027 YoY EPS Growth: 37%

- Lower farm incomes have pressured demand, but long-term need for equipment and seeds supports agricultural productivity growth.

Homebuilding and Renovation
2026/2027 YoY EPS Growth: 10%

- Aging housing stock and limited supply support continued demand for renovation, building materials, HVAC and new construction products.

Travel and Expenses
2026/2027 YoY EPS Growth: 20%

- Growing travel spending and strong brand differentiation support continued market-share gains for leading global companies.

Current analysis does not guarantee future results.

EPS: earnings-per-share; YoY: year-over-year

US stocks represented by Russell 1000 Value and Russell 1000 Growth; global stocks represented by MSCI EAFE Value and MSCI EAFE Growth.

*AI-insulated and AI-exposed industries are based on research classifications made by AB value equity analysts. Industries are based on the Global Industry Classification Standard. Example industries comprise a portion of the industry weight in each benchmark for AI-insulated and AI-exposed categories.

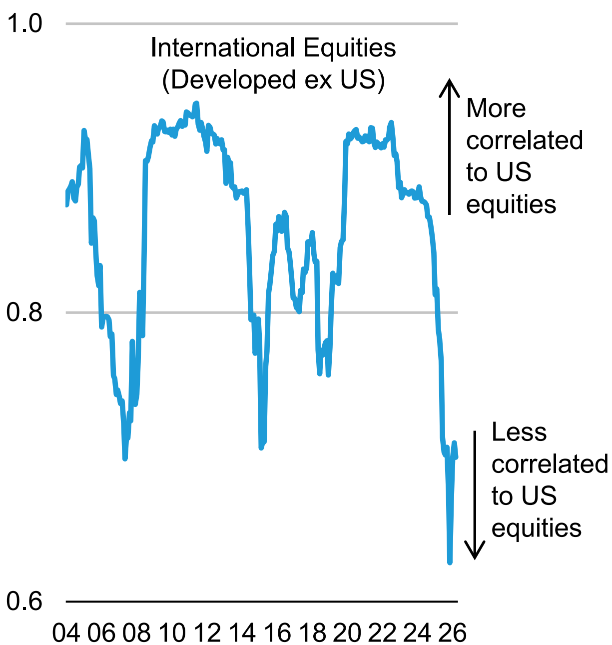
As of 30 June 2026. Source: Bloomberg, FTSE Russell, MSCI and AB

Casting a Wider Net Has Its Benefits

Meaningfully improved diversification, competitive returns and attractive earnings growth

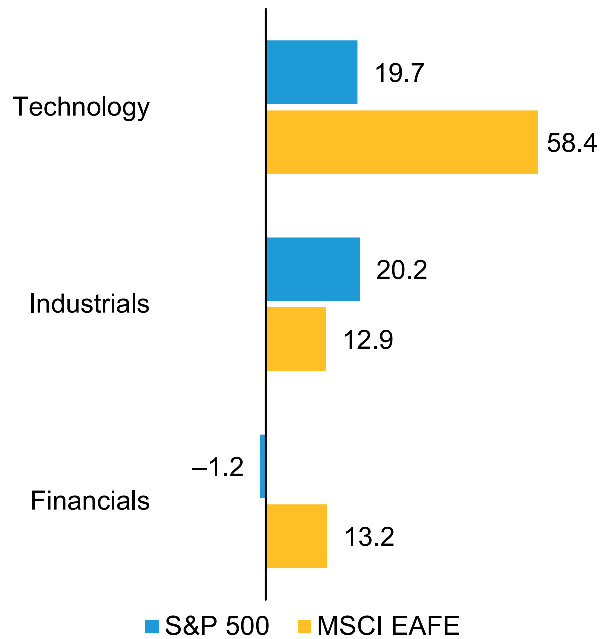
Developed International's Correlation with US Equities Has Markedly Decreased…

Rolling three-year monthly correlation with US equities

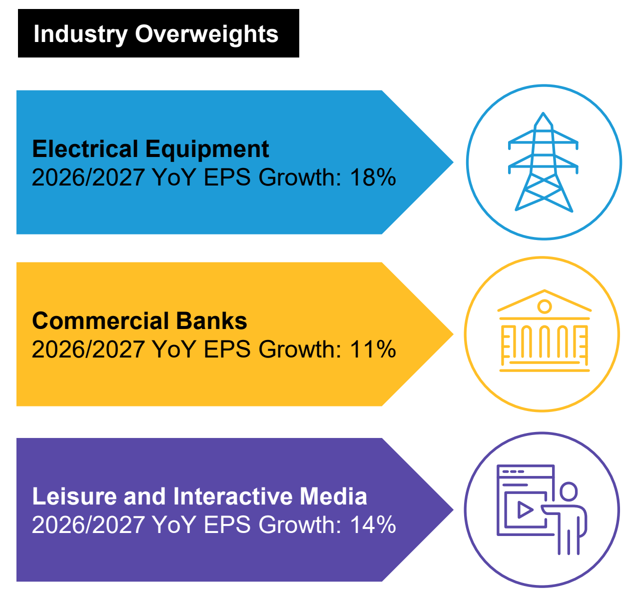


…and Key Sector Returns Have Been Quite Competitive vs. US Counterparts

Year to date (USD, percent)



These Are Among the Respective Industries Where We Have High Conviction



Past performance does not guarantee future results.

EPS: earnings-per-share; YoY: year-over-year

As of 30 June 2026

Source: Bloomberg, FTSE Russell, MSCI, S&P and AB

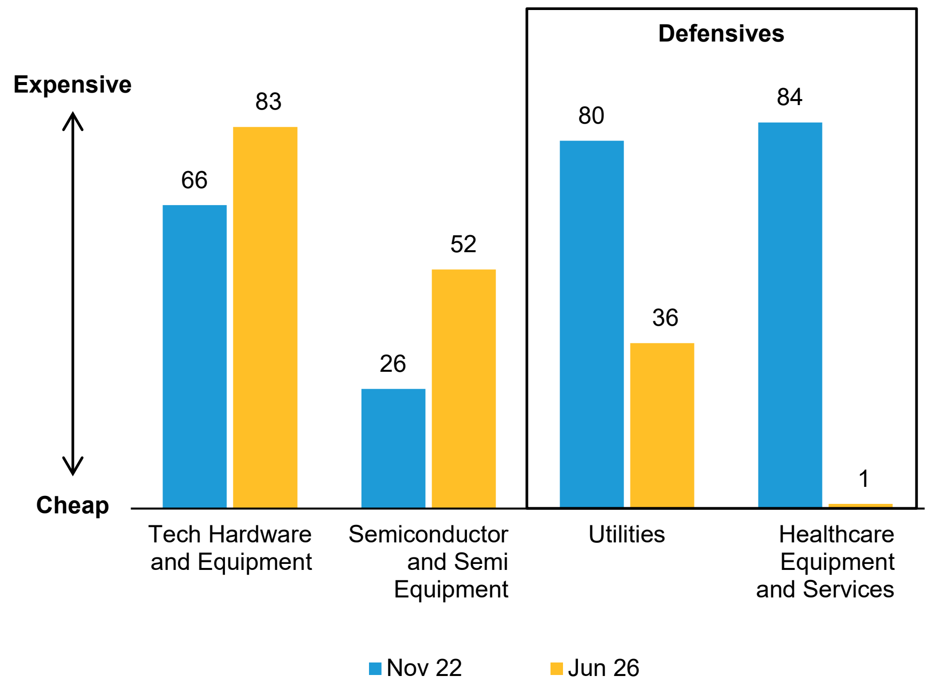
Lower-Volatility Stocks Can Provide Refuge Should the AI Trade Slow

Lower-Volatility Stocks Have Shined in Past Technology Stock Pullbacks

Time Period	Duration in Months	Low-Volatility Stock Index's Average 12- Month Outperformance During Tech Pullbacks*
Jun 1996–Oct 1996	5	9.04%
Nov 2000–Mar 2003	29	18.62
Aug 2004–Jun 2005	11	15.97
May 2006–Apr 2007	12	3.29
Oct 2008–Dec 2008	3	14.62
Jan 2013–Nov 2013	11	2.24
Oct 2022–Jan 2023	4	13.11
Full Period		18.51

Opportunities in Technology Remain, but Defensive Stocks Are at a Discount

Relative valuation percentiles of sectors†



Past performance does not guarantee future results. Current analysis does not guarantee future results.

Semi: semiconductor. *Performance difference between the MSCI USA Minimum Volatility Index and the S&P 500 Technology Sector Index, when the S&P 500 Technology Sector Index lags the S&P 500 by more than 5% on a trailing 12 months basis. †Valuation percentiles for sectors are cap-weighted average price-to-next-12-months-earnings forecast relative to the benchmark and relative to their own history. The investable benchmark is Russell 1000.

As of 30 June 2026

Source: Bloomberg, BofA Securities, FTSE Russell, Gartner, Informa TechTarget, Mercury Research, MSCI and AB

3Q:2026 Equity Playbook

Current Market Backdrop

- AI enthusiasm continues to support equities, but markets increasingly assume a smooth and profitable build-out
- The Magnificent Seven pullback highlighted how quickly crowded trades can reverse when expectations are challenged
- Extended index valuations, increasing share issuance and policy uncertainty leave less room for investor complacency
- Allocate with intent by broadening return sources and emphasizing earnings delivery over AI spending alone

Three Pillars for the Road Ahead

Quality as an Anchor

- Continue to focus on companies that can generate returns above their cost of capital
  - **Thematic areas of conviction:** aerospace and defense, AI capex beneficiaries
  - **Key areas of conviction:** financials, industrials and communication services

Cast a Wider Net

- Productivity enablers that persist beyond the AI theme
  - **Value areas of conviction:** hotels and leisure, homebuilding and renovation materials, agricultural productivity, and healthcare services
  - **Developed international areas of conviction:** electrical equipment, banking, leisure and online media

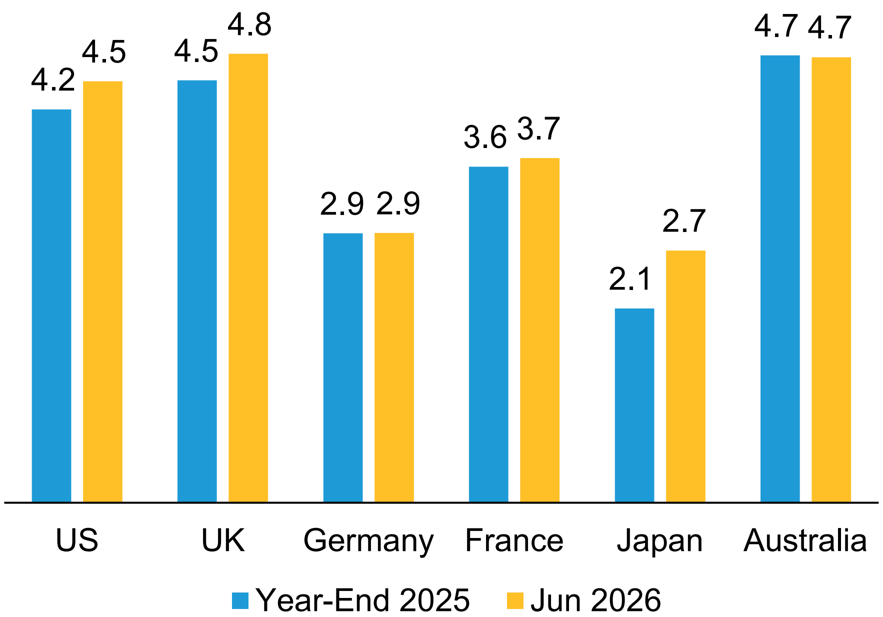
Actively Reduce Volatility

- Higher-quality, lower-beta names may be more resilient if the AI capex story fades
  - **Low-volatility areas of conviction:** select technology, healthcare equipment and services, and utilities

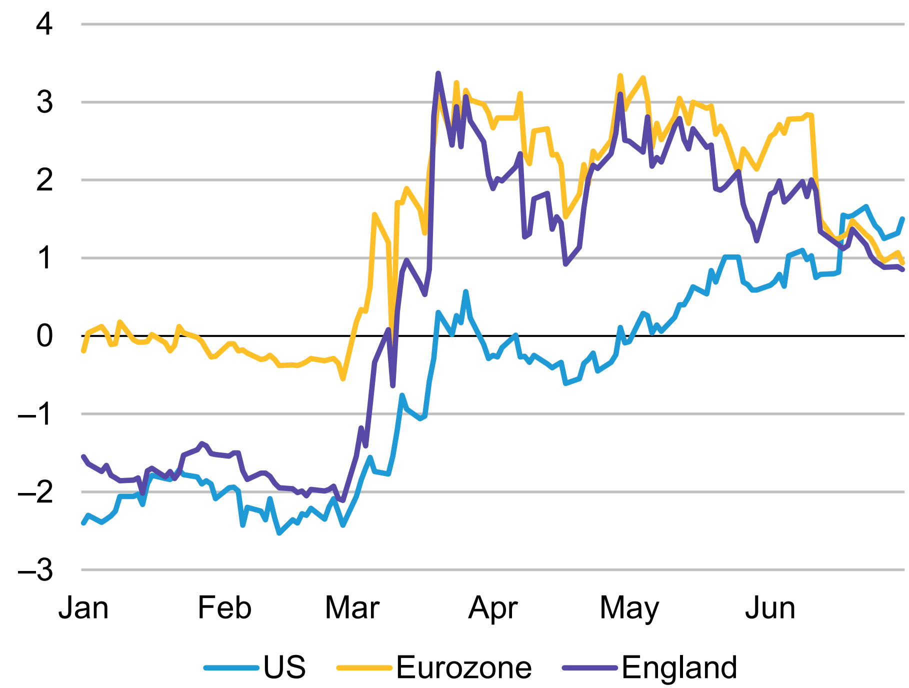
Current and historical analysis does not guarantee future results.
As of 30 June 2026
Source: AB

Rates Have Risen Globally, as Have Expectations for Central Banks to Hike

Yields on 10-Year Government Bonds in Many Major Economies Have Increased in 2026
Yield (percent)



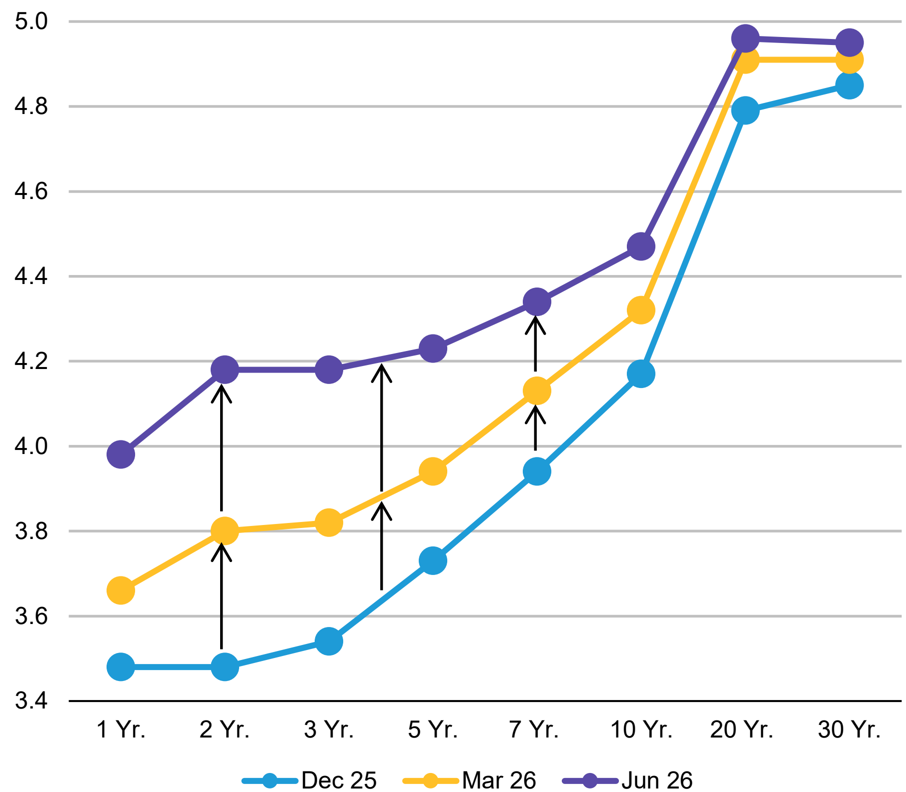
Markets Now Expect Hikes Across Many Major Central Banks
Market-expected number of hikes (cuts)



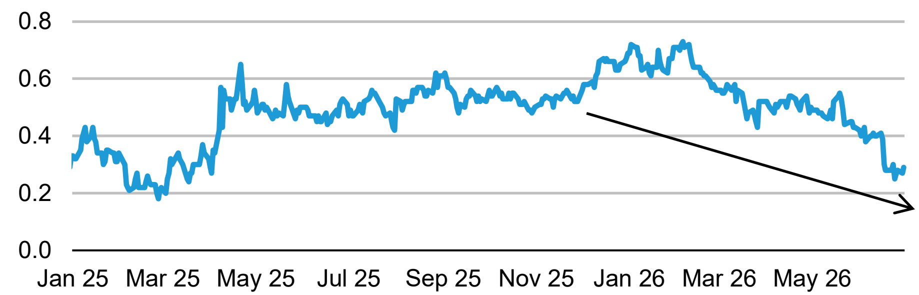
Current analysis does not guarantee future results.
As of 30 June 2026
Source: Bloomberg and AB

This Has Been Especially True in the US: Front-End Rates Have Risen, Resulting in a Flattening of the Yield Curve

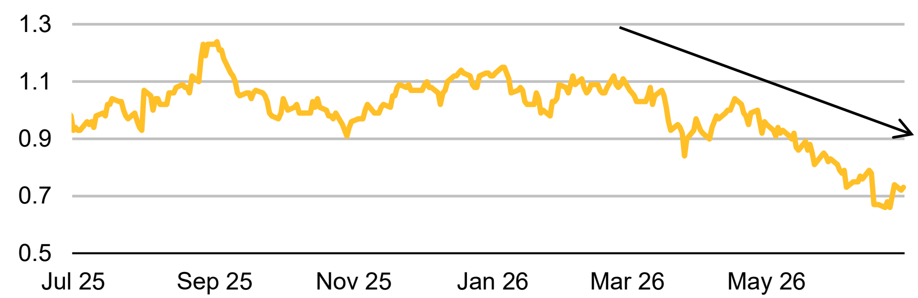
Front-End Yields Have Increased to Start the Year…
Yield (percent)



…Retracing Steepening We Saw in the 2s/10s Curve…
Basis (difference in yield)



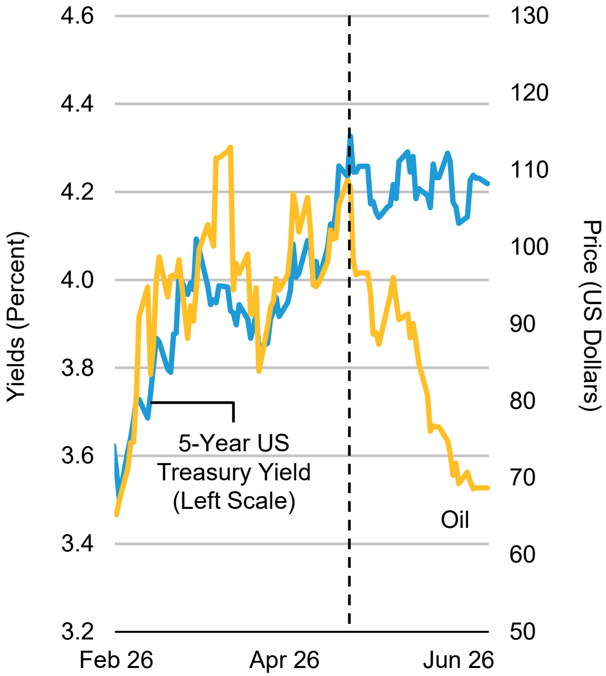
…and the 5s/30s Curve
Basis (difference in yield)



Past performance does not guarantee future results.
As of 30 June 2026
Source: Bloomberg and AB

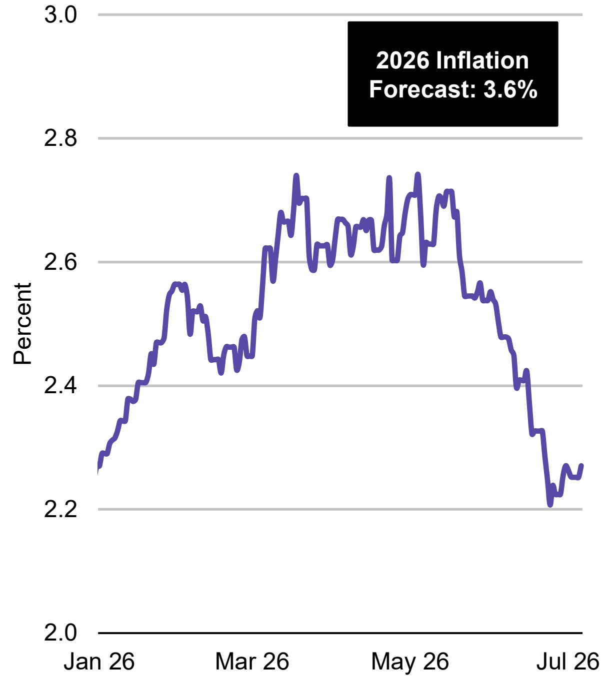
Today’s Attractive Yields Offer Compelling Opportunities

A Disconnect Between Oil Prices and Treasury Yields Has Emerged



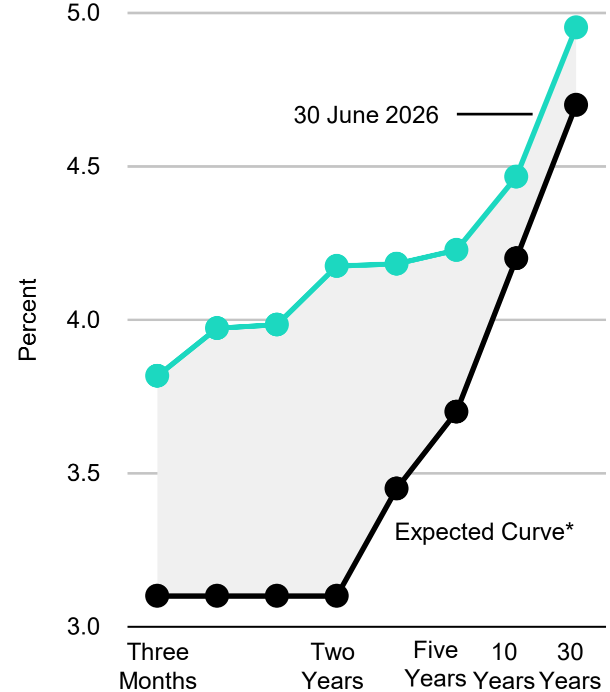
TIPS Offer Attractive Opportunity as Inflation Breakevens Have Declined

Five-year breakeven inflation rate



Yield Curve Has Room to Steepen

Yield



Past performance does not guarantee future results.

TIPS: Treasury Inflation-Protected Securities

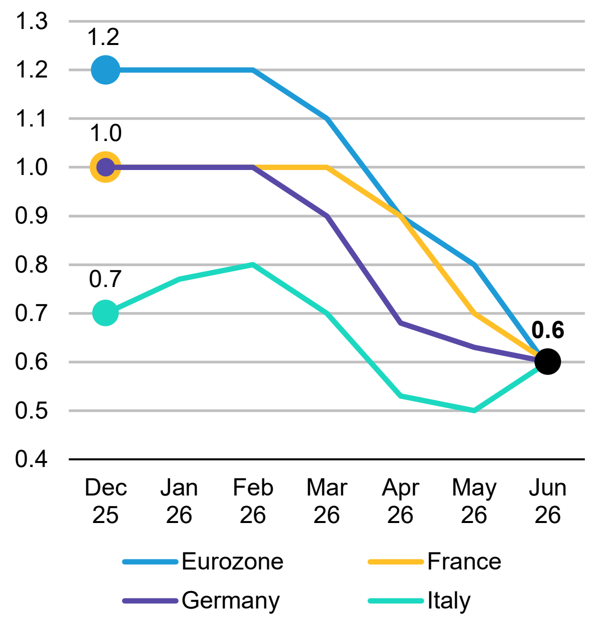
*Expected curve assumes AllianceBernstein’s fair value of the 10-year yield of 4.2% and extrapolates yields for other maturities based on average historical slope of the US Treasury yield curve.

As of 30 June 2026. Source: Bloomberg and AB

Navigating Global Rates

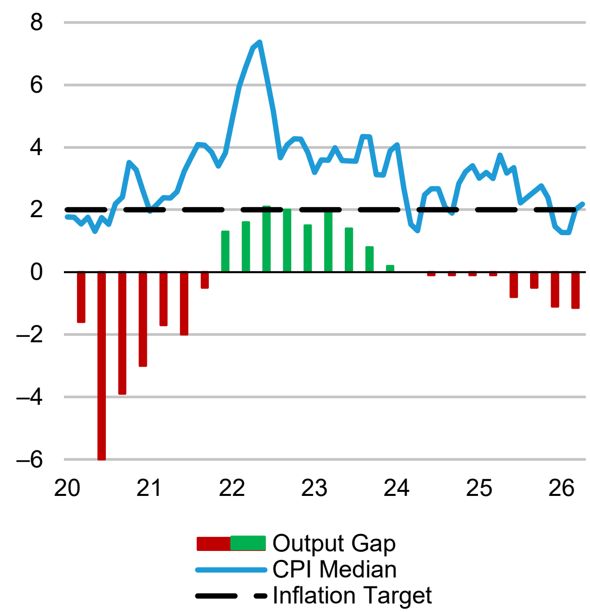
Eurozone Growth Expectations Revised Lower Amid Geopolitical Tensions

Change in 2026 real GDP forecast (YoY)



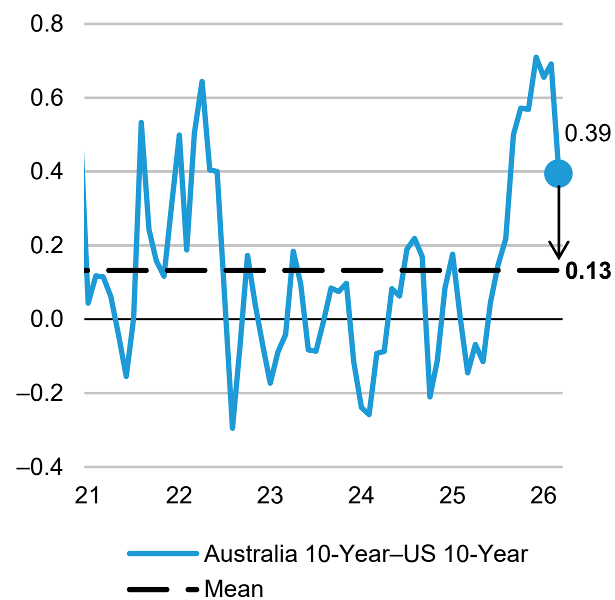
Canada's Macro Backdrop Favors Duration

3M annualized CPI and output gap (percent)



Australia 10-Year Yield Is Wide Relative to the US 10-Year Yield, Despite Recent Outperformance

Percent



Past performance does not guarantee future results.

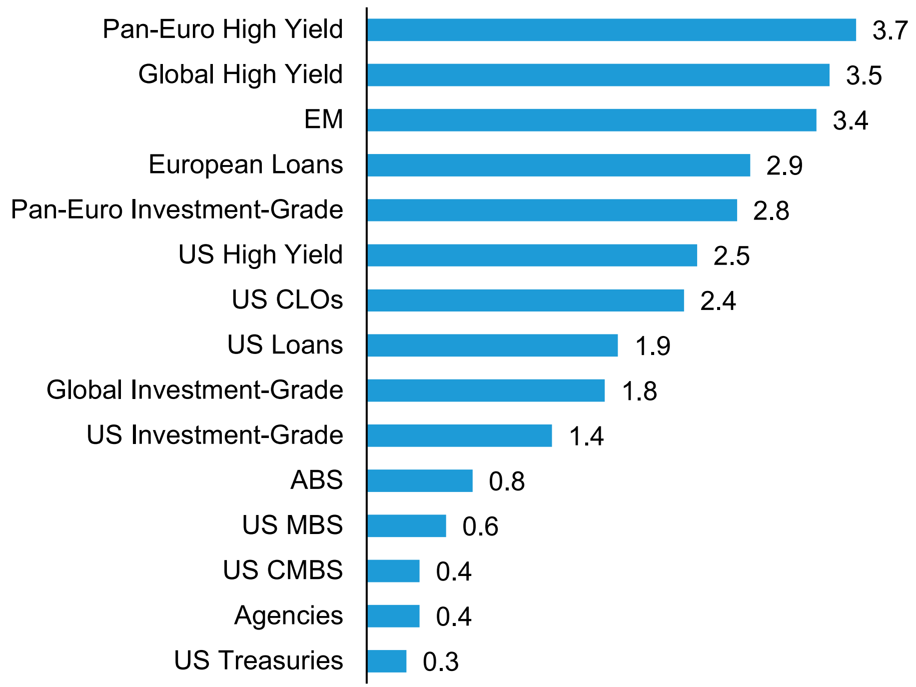
3M: three-month; YoY: year over year

Left display uses the following indices: ECGDDE 26 Index for Germany 2026 Real GDP forecast; ECGDEU 26 Index for the eurozone; ECGDIT 26 Index for Italy; and ECGDFR 26 Index for France. All real GDP figures are reported on a YoY basis. Middle display uses CPI median three-month annualized data. Right display uses the following indices: GACGB10 for Australian 10-year yield and USGG10YR for the US 10-year yield.

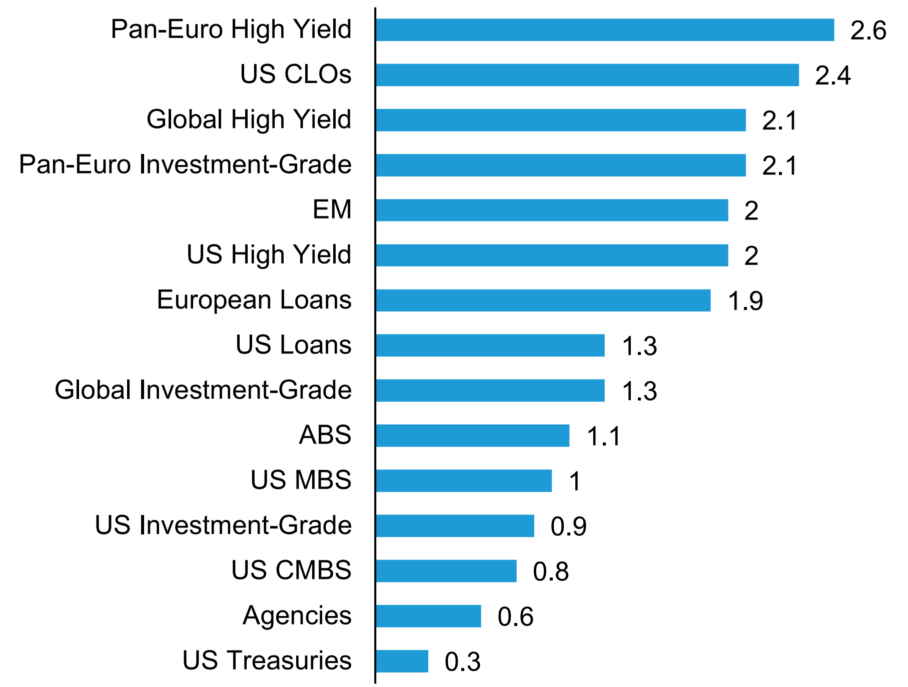
Through 30 June 2026. Source: Bank of Canada, Bloomberg, US Bureau of Labor Statistics and AB

Credit Rallied in 2Q:26, Supporting YTD Returns

2Q:26 Total Returns (Percent)



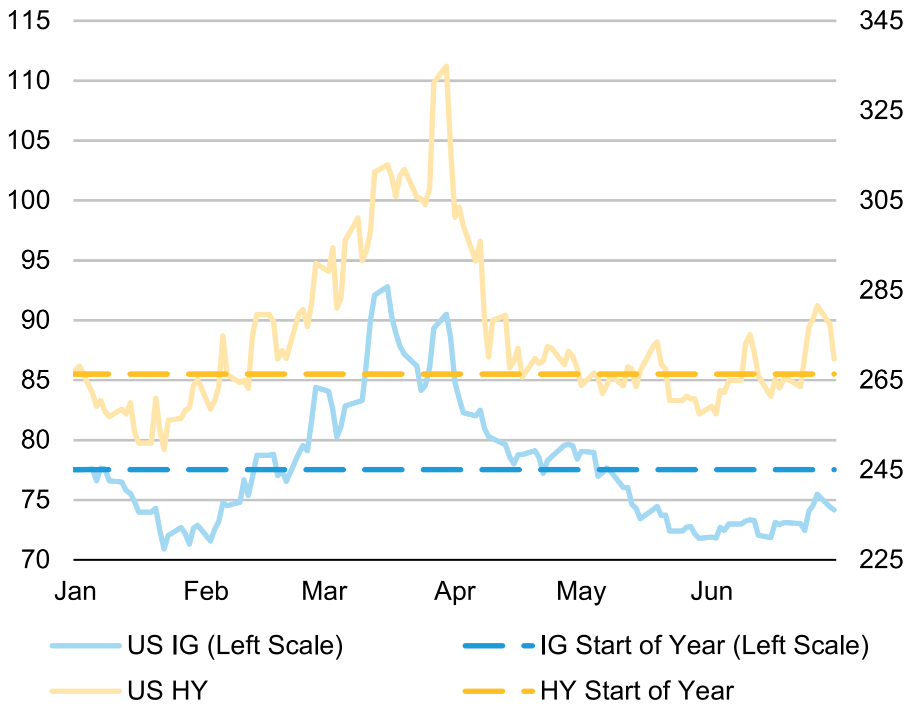
1H:26 Total Returns (Percent)



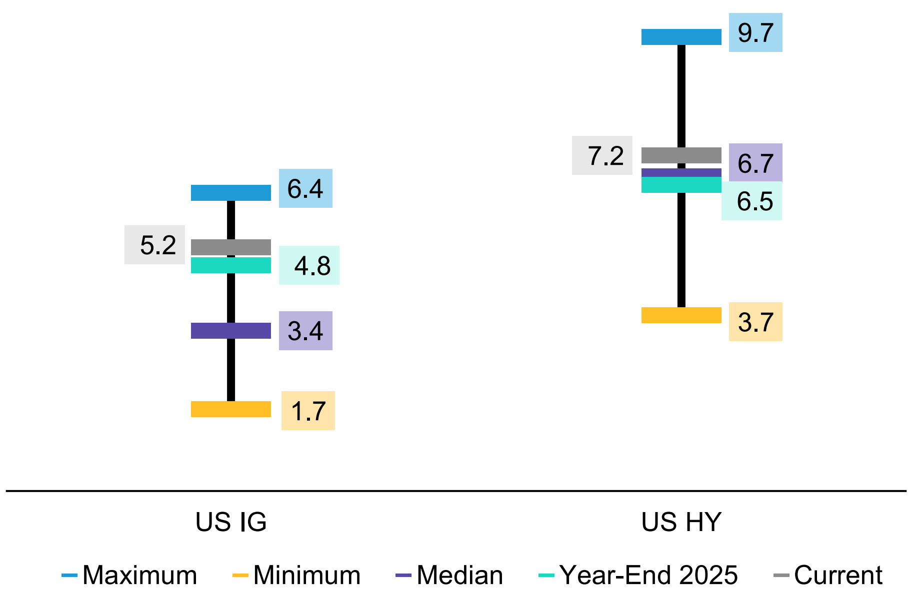
Past performance does not guarantee future results. Sector weightings will vary over time.
ABS: asset-backed securities; CLOs: collateralized loan obligations; CMBS: commercial mortgage-backed securities; EM: emerging markets; MBS: mortgage-backed securities; YTD: year-to-date. EM is US dollar–denominated sovereign and corporate investment-grade and high-yield debt. All returns hedged to US dollars
US loans and US CLOs excess returns are total returns net of Secured Overnight Financing Rate returns. European loans excess returns are total returns net of euro short-term rate returns. As of 30 June 2026. Source: Bloomberg, J.P. Morgan, PitchBook and AB

Corporate Bond Spreads Are Close to Start-of-Year Levels: Yields Are Still Attractive

Spreads Have Rallied Back Near Start-of-Year Levels
Basis points



Yields Are Still Above Post-GFC Median Levels
Yield to worst (percent)

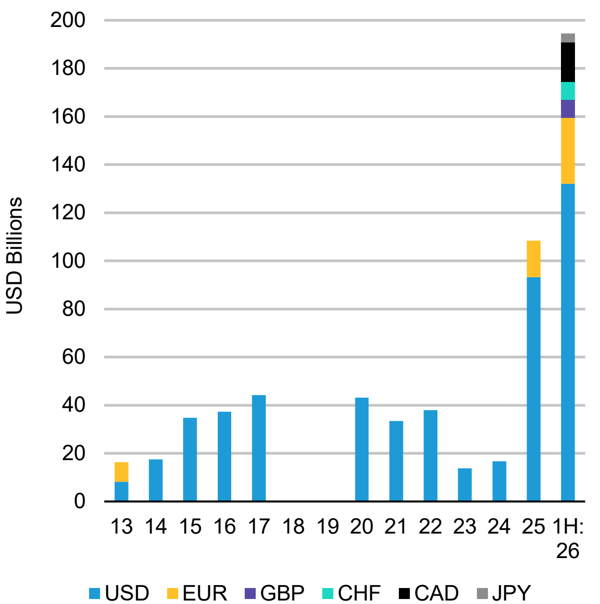


Past performance does not guarantee future results.
GFC: global financial crisis; HY: high yield; IG: investment-grade
US IG defined as Bloomberg US Corporate Bond; US HY defined as Bloomberg US High Yield
Right display is based on month-end levels from January 2010 to June 2026.
As of 30 June 2026. Source: Bloomberg and AB

Hyperscaler Issuance Is Coming at a Blistering Pace. These Companies Remain Fundamentally Strong Despite Trading Relatively Cheap to Peers

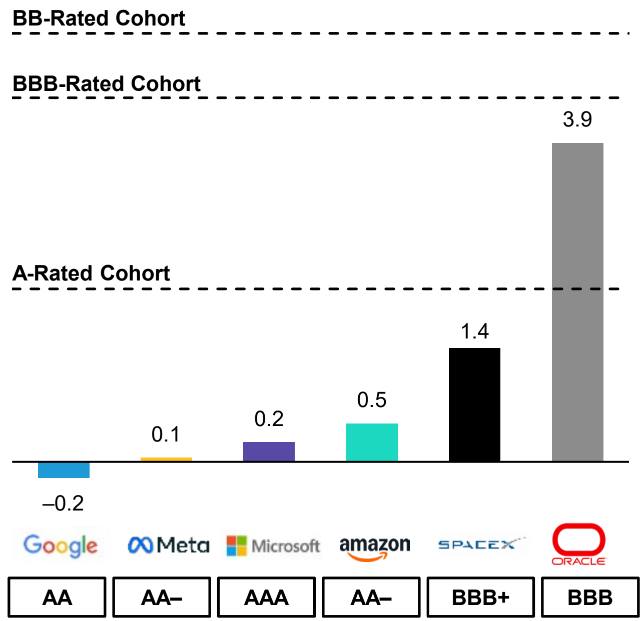
Hyperscaler Issuance Is on Pace for Nearly $400 Bil. for the Full Year of 2026

Investment-grade debt issuance



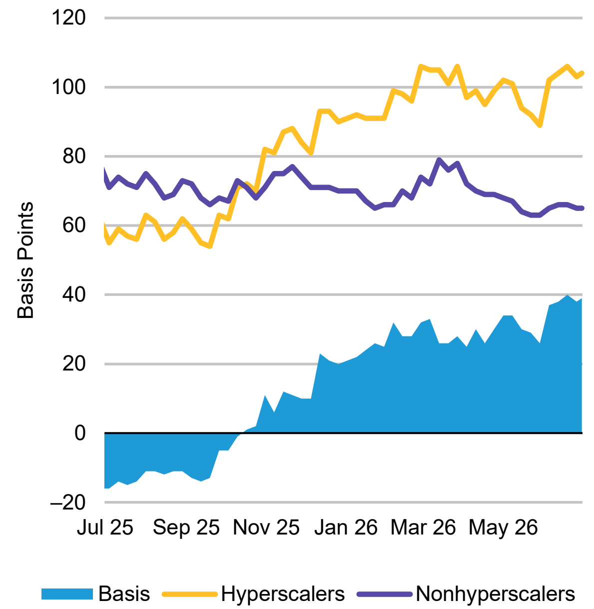
Major Hyperscalers (ex Oracle) Have Low Leverage

Net debt/EBITDA



These Hyperscalers Have Begun to Trade Wide to Nonhyperscalers

Spread

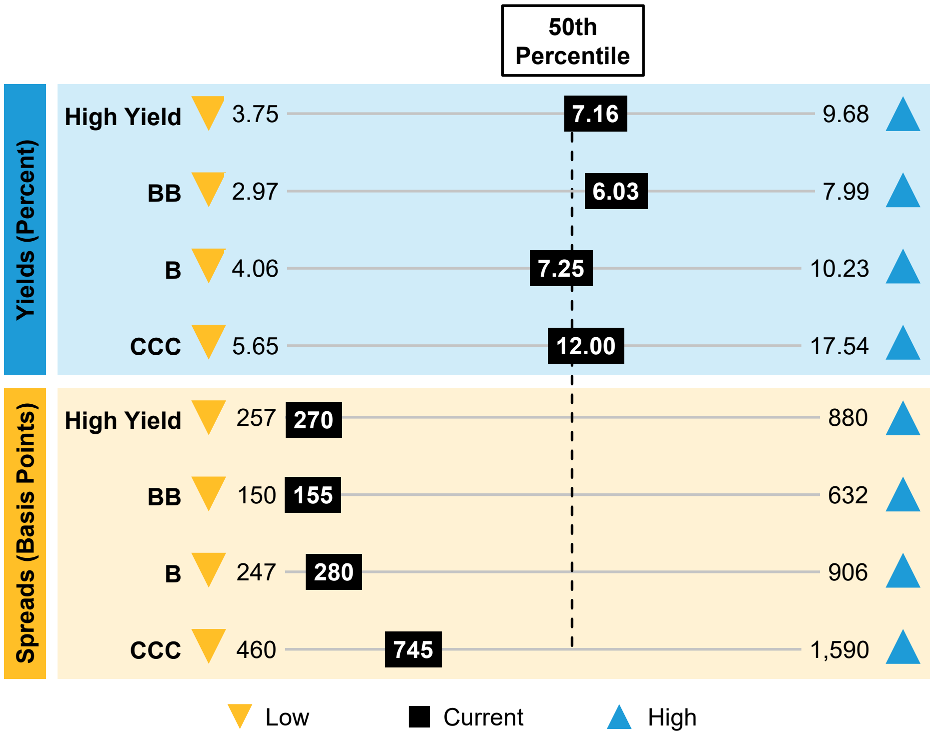


Current analysis and forecasts do not guarantee future results. References to specific securities discussed are not to be considered recommendations by AllianceBernstein L.P. EBITDA: earnings before interest, taxes, depreciation and amortization. Logos, brands and other trademarks in this presentation are the property of their respective trademark holders. They are used for illustrative purposes only and are not intended to convey any endorsement or sponsorship by, or association or affiliation with, the trademark holders. US investment-grade based on Bloomberg US Corporate Bond. Hyperscalers defined as GOOGL, META, MSFT, AMZN, SPCX and ORCL. Nonhyperscalers defined as other nonfinancial issues in 10-year bucket defined as bonds with maturities of 7–12 years; 30-year bucket defined as bonds with maturities of 27–33 years

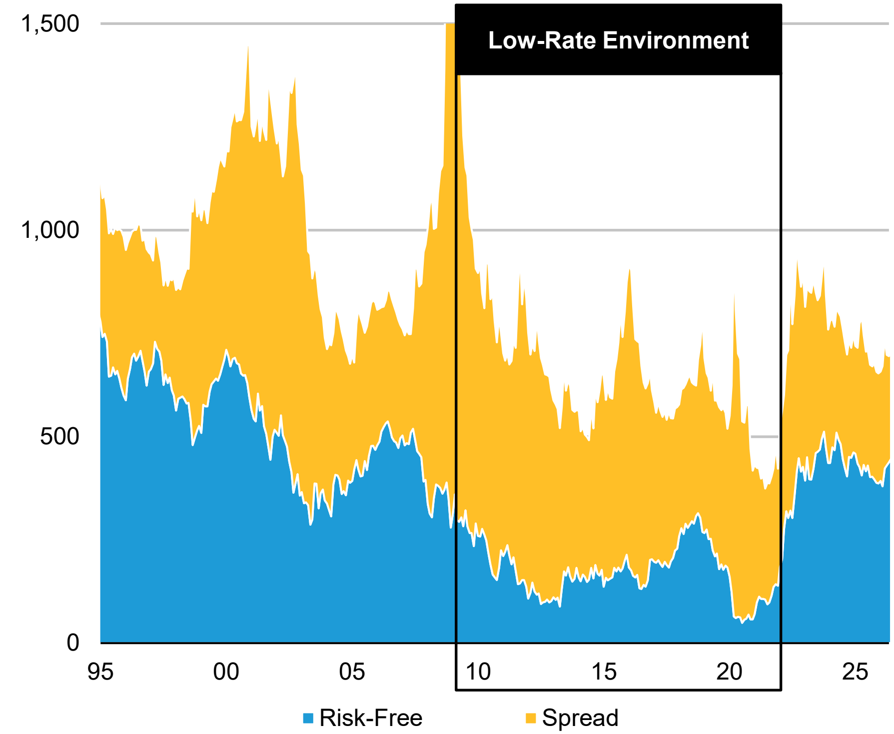
As of 30 June 2026. Source: Bloomberg, J.P. Morgan and AB

Spreads Are Relatively Tight Because Risk-Free Rate Represents a Greater Portion of Yield Compensation

Yields Are Still Attractive Despite Tight Spreads
US HY index yield is slightly above long-term average level



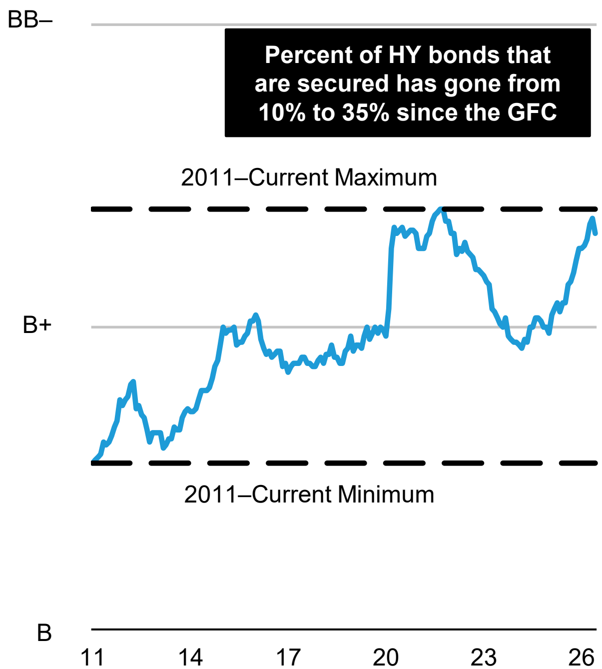
Risk-Free Rate Makes Up a Greater Portion of Yield
Basis points



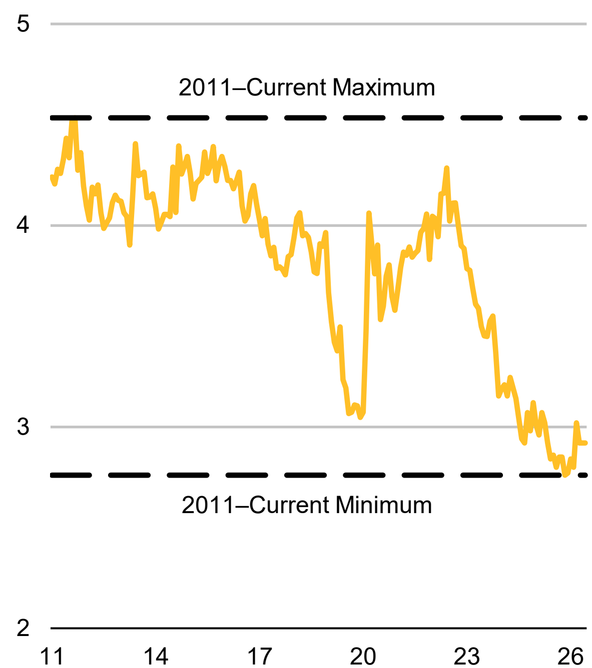
Past performance and historical analysis do not guarantee future results.
HY: high yield. Left display data from 1 July 2016 to 30 June 2026
US high yield is represented by the Bloomberg US Corporate High Yield.
As of 30 June 2026
Source: Bloomberg and AB

High Yield Has Evolved: Improved Quality and Shorter Duration Are Partly Responsible for Tighter Spread Levels

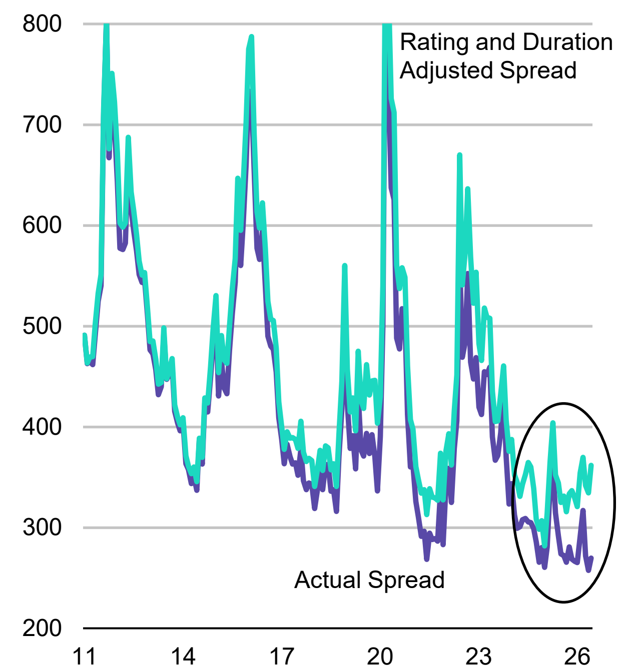
The High-Yield Market Is at Its Highest Quality Level…
Average Index rating



…and Duration Has Fallen to Near the Lowest Level on Record
Duration



These Changes Are Responsible for Spreads Being over 80 bps Lower
Spread (basis points)



Past performance does not guarantee future results.
bps: basis points; GFC: global financial crisis; HY: high-yield
Based on the Bloomberg US High Yield Corporate. Left display: weighted average ratings of the index; middle display: weighted average option-adjusted duration of the index; right display: rating and duration adjusted spread based on ratings and duration weights in the index as of 31 January 2011
As of 30 June 2026. Source: Bloomberg and AB

3Q:2026 Fixed-Income Playbook

Key Takeaways

Fixed Income

- Markets are pricing a more hawkish Fed than we expect
- Use today's elevated yields to selectively add duration
- Take advantage of the steepness of the muni curve
- Think globally as international fixed-income opportunities expand
- Stay constructive on credit, where fundamentals remain healthy and all-in yields remain attractive

Past performance does not guarantee future results.

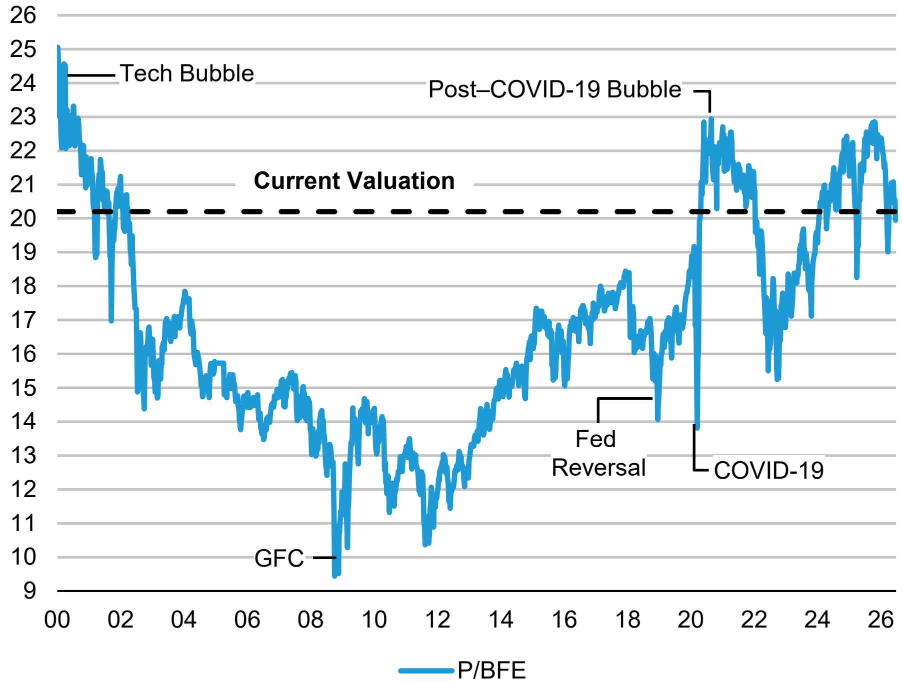
As of 30 June 2026

Source: Bloomberg and AB

Appendix and Bullpen Slides

S&P 500 Valuations: Remain Expensive, but Are Off Recent Highs

S&P 500 Multiples



Time Period	P/E	P/BFE
30 June 2026	**24.5**	**20.2**
31 December 2025	25.1	22.2
31 December 2024	24.7	21.5
31 December 2023	21.5	19.6
Pre-Pandemic*	20.3	18.9
10-Year Average	20.5	18.9
Pre-Pandemic Five-Year Average	18.3	16.9
Average Since 2000	19.0	16.7

Current analysis does not guarantee future results.

GFC: global financial crisis. Price/earnings (P/E) is for the trailing 12 months; price/blended forward earnings (P/BFE) is for the next 12 months.

*21 February 2020

As of 31 March 2026

Source: Bloomberg, S&P and AB

S&P 500 Scenario Chart: Using Earnings and Valuations to Form a Price Target Range

Choose Your Own Adventure

2026

	17	18	19	20	21	22	23	24	25		S&P Price Level	2026 Price Return*
315	5,355	5,670	5,985	6,300	6,615	6,930	7,245	7,560	7,875		7,035	–6.2%
320	5,440	5,760	6,080	6,400	6,720	7,040	7,360	7,680	8,000		7,140	–4.8
325	5,525	5,850	6,175	6,500	6,825	7,150	7,475	7,800	8,125		7,245	–3.4
330	5,610	5,940	6,270	6,600	6,930	7,260	7,590	7,920	8,250		7,350	–2.0
335	5,695	6,030	6,365	6,700	7,035	7,370	7,705	8,040	8,375		7,400	–1.3
340	5,780	6,120	6,460	6,800	7,140	7,480	7,820	8,160	8,500		**7,499**	0.0
345	5,865	6,210	6,555	6,900	7,245	**7,499**	7,935	8,280	8,625		7,650	2.0
350	5,950	6,300	6,650	7,000	7,350	7,700	8,050	8,400	8,750		7,800	4.0
355	6,035	6,390	6,745	7,100	7,455	7,810	8,165	8,520	8,875		8,050	7.3

2027

	15	16	17	18	19	20	21	22	23		S&P Price Level	2026–27 Price Return†
370	5,550	5,920	6,290	6,660	7,030	7,400	7,770	8,140	8,510		7,110	–3.5%
375	5,625	6,000	6,375	6,750	7,125	7,500	7,875	8,250	8,625		7,200	–2.6
380	5,700	6,080	6,460	6,840	7,220	7,600	7,980	8,360	8,740		7,300	–1.8
385	5,775	6,160	6,545	6,930	7,315	7,700	8,085	8,470	8,855		7,400	–0.9
390	5,850	6,240	6,630	7,020	7,410	7,800	8,190	8,580	8,970		**7,499**	0.0
395	5,925	6,320	6,715	7,110	7,505	7,900	8,295	8,690	9,085		7,650	1.3
400	6,000	6,400	6,800	7,200	**7,499**	8,000	8,400	8,800	9,200		7,850	3.1
405	6,075	6,480	6,885	7,290	7,695	8,100	8,505	8,910	9,315		8,050	4.8
410	6,150	6,560	6,970	7,380	7,790	8,200	8,610	9,020	9,430		8,250	6.5

■ 30 June 2026 (What's Currently Priced In by Markets*) ■ AB's Most Likely Range of Future Outcomes

Historical analysis and current forecasts do not guarantee future results.

*Based on S&P 500's 2Q:26 closing price of 7,499; horizontal axis contains forward price/earnings multiples; vertical axis contains forward earnings; numbers may not sum due to rounding; †Annualized

As of 30 June 2026

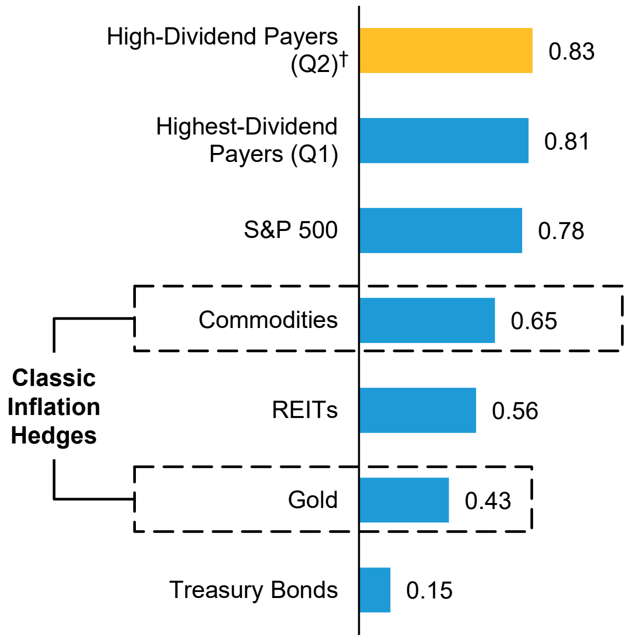
Source: Bloomberg, S&P and AB

Dividend Stock Durability: Consistent Performers in Varied Environments

Dividend growth provides an inherent layer of inflation protection and has rewarded investors

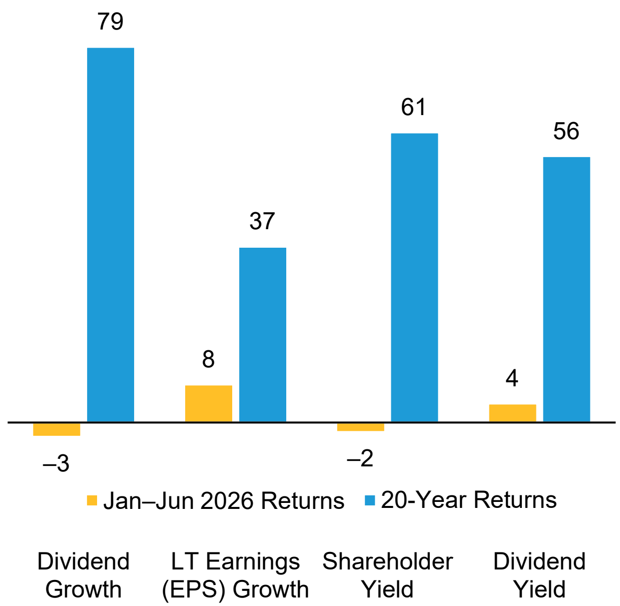
Sustainable Dividend Payers Have Performed Well When Inflation Retreats

Annualized risk-adjusted returns (percent)*



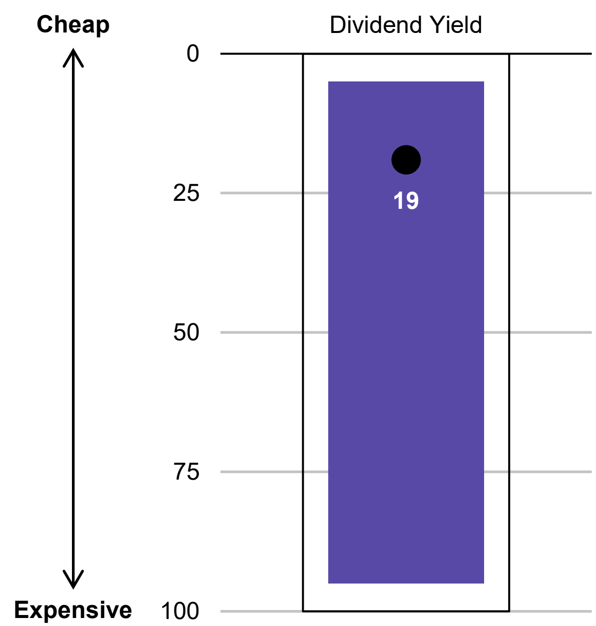
Dividend Growth over Time Outstrips 2026's en Vogue Earnings Factor

Cumulative returns (percent)‡



An Inexpensive Space and You Get Paid While You Wait§

Percentile



Past performance does not guarantee future results.

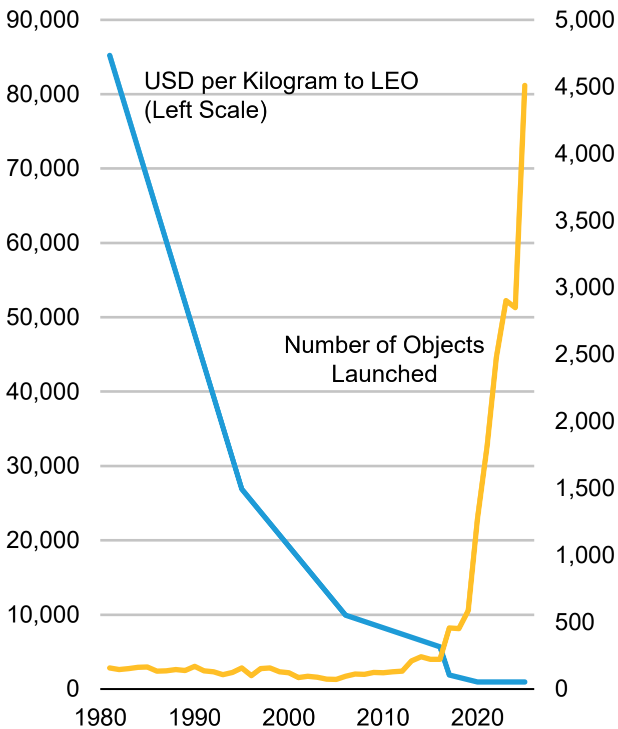
EPS: earnings-per-share; LT: long-term; REITs: real estate investment trusts. Commodities is a supersector based on AllianceBernstein sector classifications for energy, industrial commodities and gold stocks. REITs are a Global Industry Classification Standard sector.

*Annualized return/volatility, 1971–2026. †Second-highest quintile of S&P 500. The third, fourth and fifth quintiles have lower risk-adjusted returns and negative inflation beta. ‡Factor returns are calculated using the relative performance of the top-quintile cohort vs. the bottom-quintile cohort within the S&P 500. §Percentile rankings are based on monthly valuations (i.e., relative price to earnings of first quarter for each factor vs. Russell 1000) from 1 January 1990.

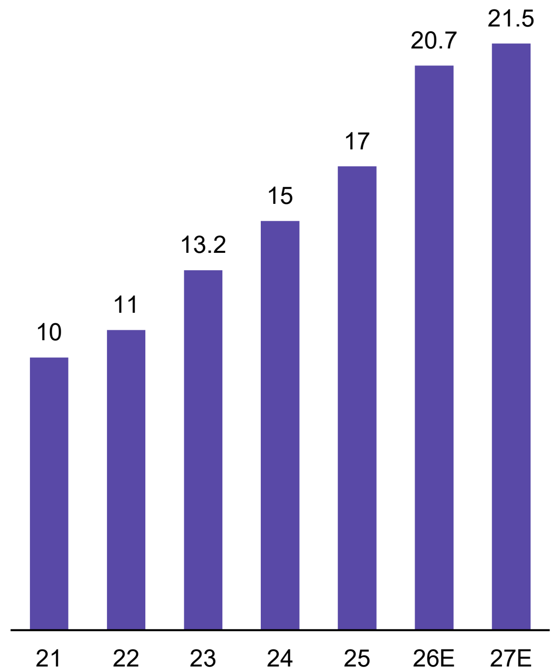
Left display as of 28 February 2026; middle and right displays as of 30 June 2026. Source: FTSE Russell, MSCI, Piper Sandler, S&P and AB

Lower Launch Costs Are Driving Rapid Growth in Aerospace Investment

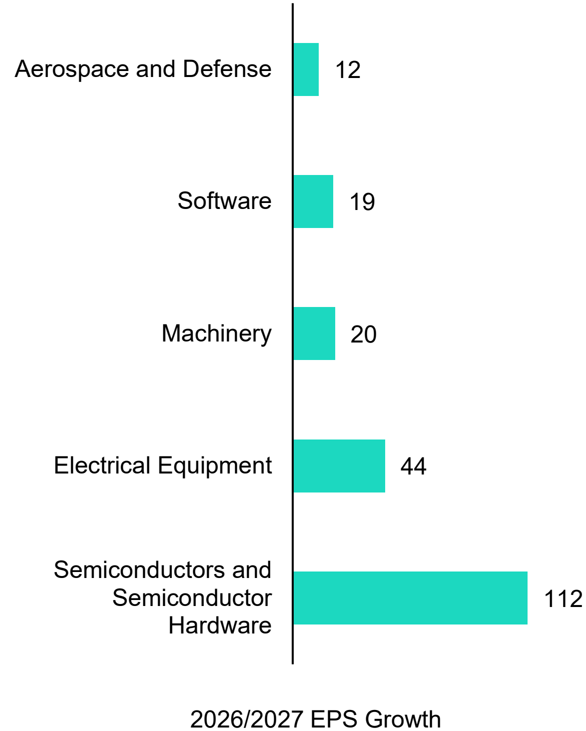
Launch Costs vs. Objects Sent into Space
Cost per kilogram delivered to LEO (year 2000, USD adjusted)



Aerospace Capital Expenditure Growth
USD billions



Favorable Earnings-Growth Rates That Are Linked to This Trend
Earnings growth forecast (percent)*



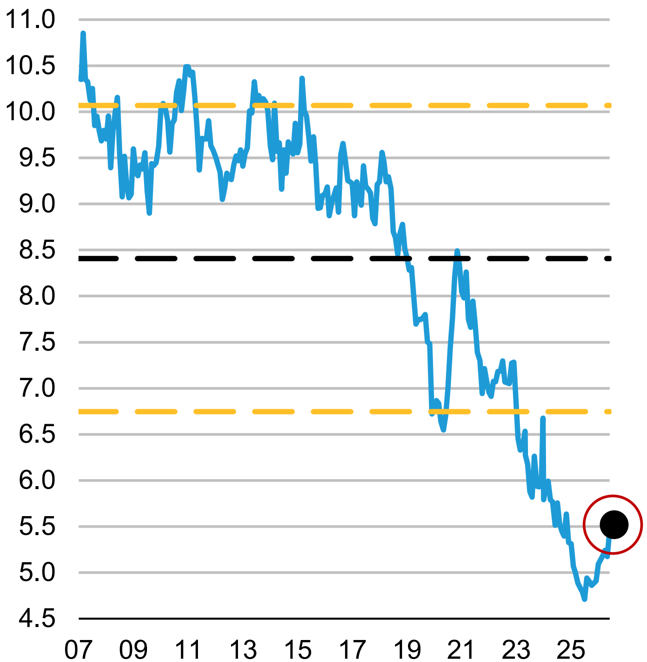
Current analysis and forecasts do not guarantee future results.
EPS: earnings-per-share; LEO: low Earth orbit. *Earnings growth forecasts are based on consensus estimates.
Left display launch cost as of 1 September 2018, and number of objects data as of 4 March 2025; middle display as of 3 February 2026; right display as of 30 June 2026
Source: Barclays, Bloomberg, Our World in Data and AB

Small-Caps: Despite Their Strong Comeback, Runway Remains

An attractive entry point, plus better comparative earnings, makes for a good setup

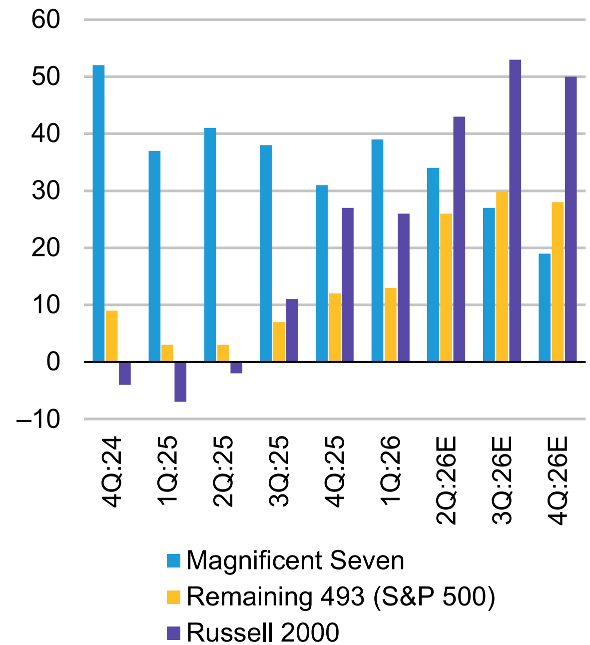
It's Not Too Late: Small-Cap Portion of the US Market

Russell 2000 as a percent of the S&P 500

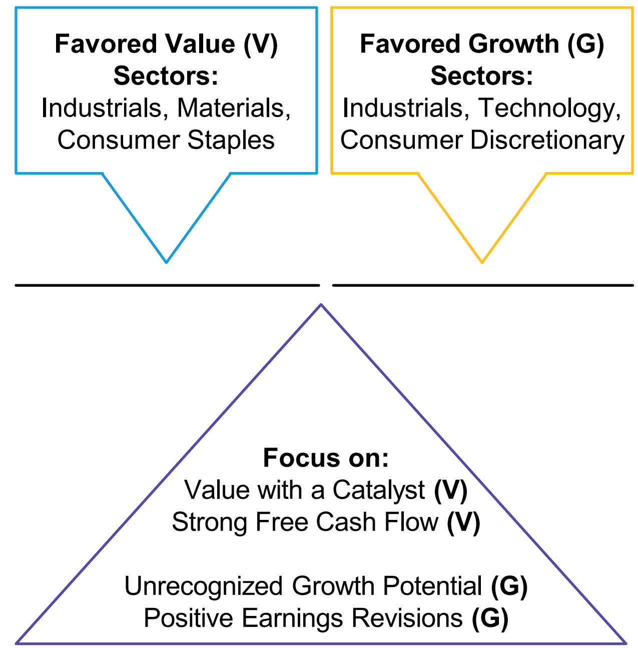


A Projected Earnings Edge for Small-Caps

YoY change in EPS (percent)



Sector Emphasis by Style: Free Cash Flow and EPS Revisions Are Prominent Factors



Past performance does not guarantee future results. Historical analysis and current forecasts do not guarantee future results.

EPS: earnings per share; YoY: year-over-year

Left display as of 26 June 2026; middle display as of 15 June 2026; right display as of 30 June 2026

Source: Bloomberg (consensus estimates), FactSet, FTSE Russell, Strategas Research Partners, S&P and AB

Much Has Changed, Much Is the Same

A Warsh-Led Fed May Mean Less Guidance and More Yield Volatility

Putting a Warsh Fed in Historical Context

2026–Present

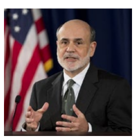
Kevin Warsh
- Inflation target commitment (2%)
- Reduced communication/less guidance
- Institutional review through task forces

2018–2026

Jerome Powell
- Pragmatic flexible approach
- Explicit guidance during COVID

2014–2018

Janet Yellen
- Gradual normalization
- Data-dependent forward guidance



2006–2014

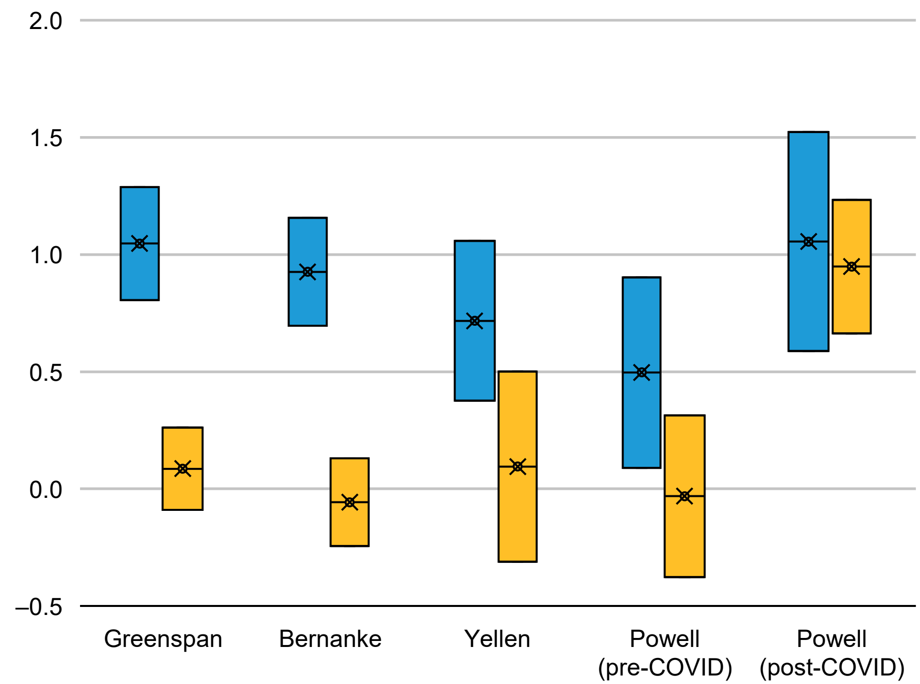
Ben Bernanke
- Academic/model-driven framework
- Explicit forward guidance

1987–2006

Alan Greenspan
- Risk-management approach to policy
- Deliberately cryptic communication

Shorter Yields Have Become More Influenced by Surprises in Market Data Prints

Sensitivity of front-end to data surprises

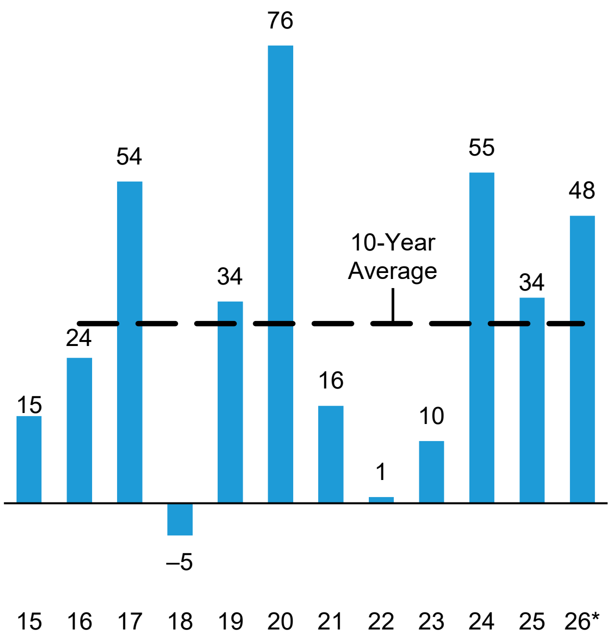


Current analysis does not guarantee future results.

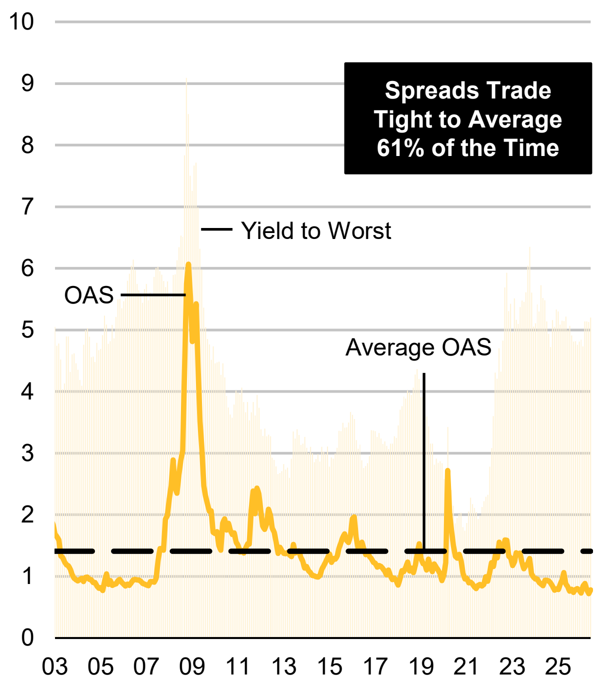
Front-end volatility is measured as the standard deviation of the two-year US Treasury yield, and curve volatility is measured as the standard deviation of the 2s/10s/30s curve.
Right display shows two-year Treasury yield sensitivity to market surprises, with 90% confidence interval.
As of 30 June 2026. Source: Morgan Stanley and AB

Investment-Grade Corporates Can Help Diversify Investors' Credit Allocations

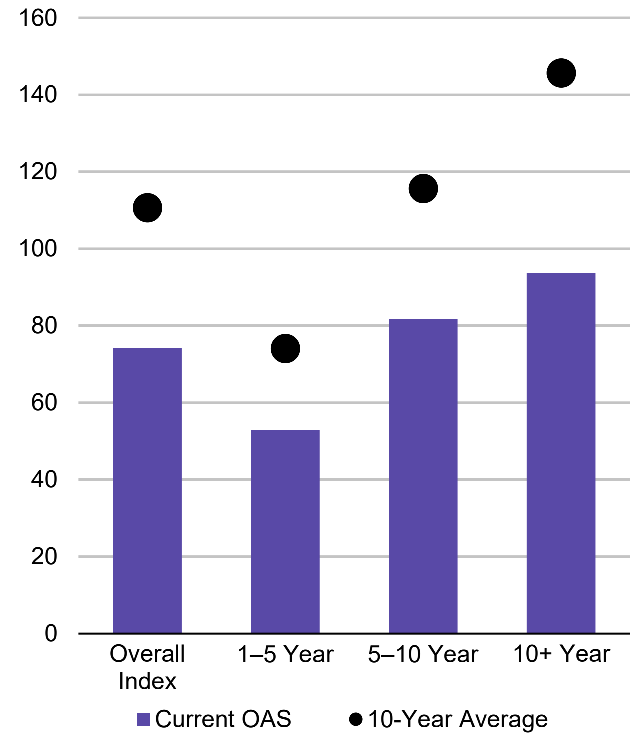
IG Fund Flows Remain Robust
US IG corporate bond fund flows (billions)



Yields Are Compelling, While Spreads Are Still Tight
Percent



Long-End Bonds Are Driving Spread Tightness; We Prefer Intermediate Bonds
OAS (basis points)



Past performance and historical analysis do not guarantee future results.

IG: investment-grade; OAS: option-adjusted spread

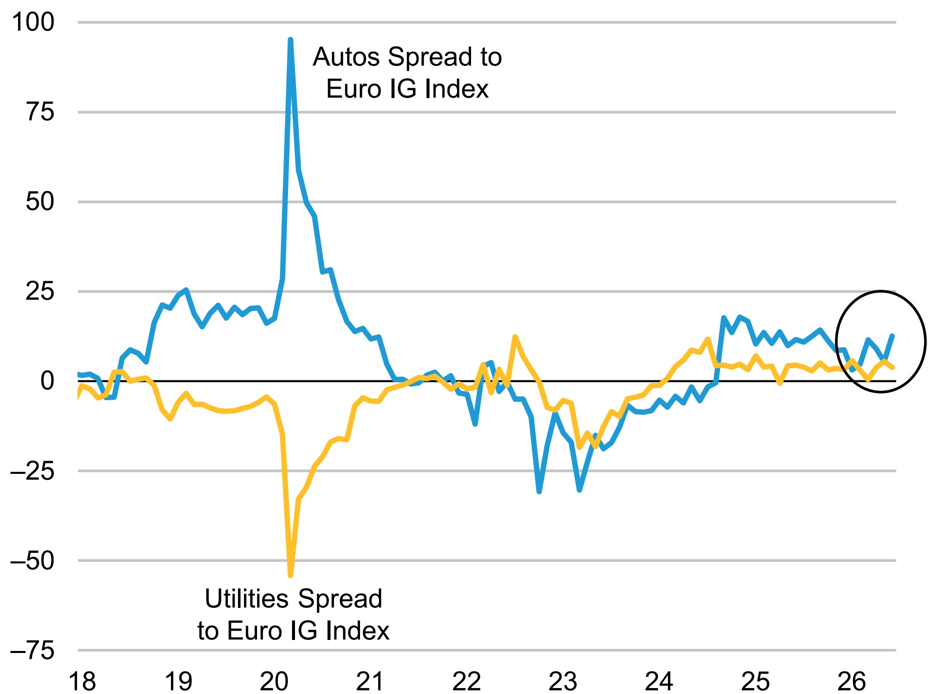
Middle display average is since 1 January 2003; right display index is represented by the Bloomberg US Corporate.

*2026 flows are as of 30 June 2026.

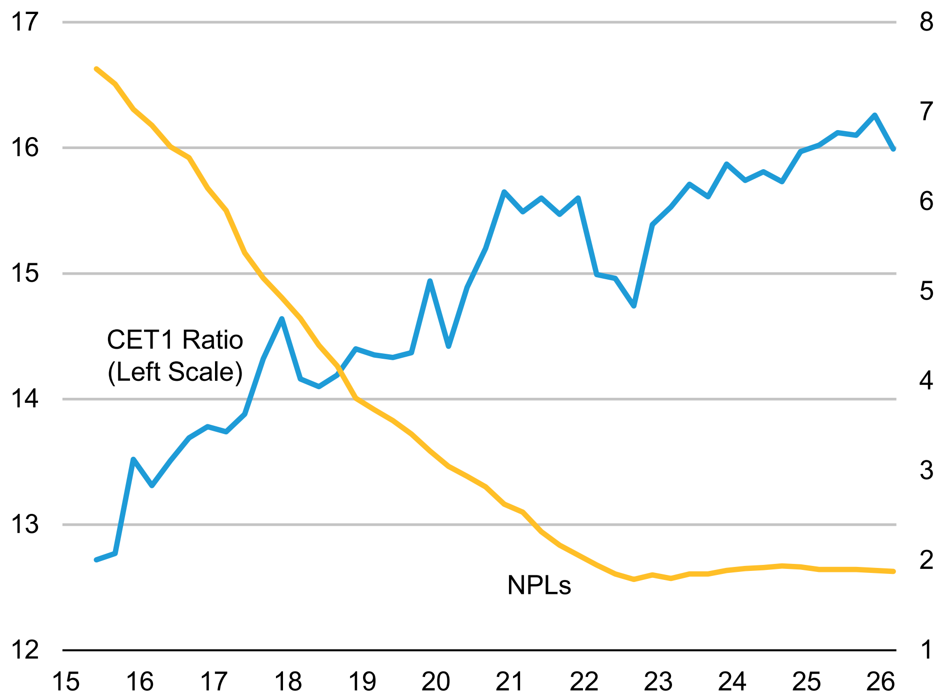
As of 30 June 2026. Source: Bloomberg, J.P. Morgan and AB

Opportunities in European Investment-Grade Credit

Utilities Offer Opportunity to Reduce Risk Without Much Spread Give-Up
Spread relative to Index (basis points)



Financials Have Strong Fundamentals, with Higher Asset Quality and Capital Ratios (Percent)

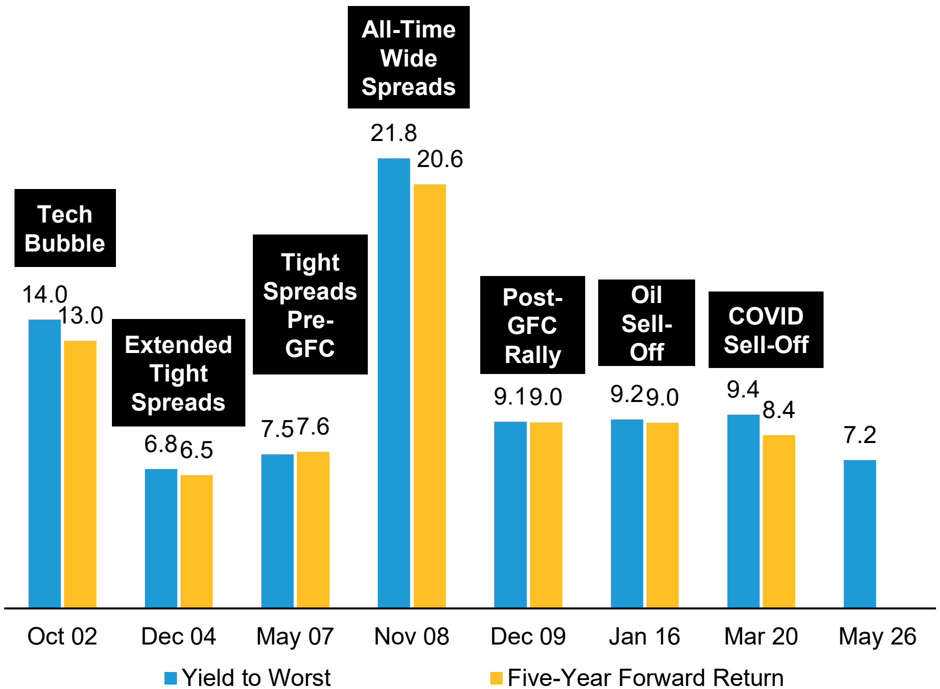


Past performance does not guarantee future results.
CET1 ratio: common equity tier 1, capital/total risk exposure amount; IG: investment-grade; NPLs: nonperforming loans
Financial statistics represented by significant institutions
Left display through 30 June 2026; right display through 31 March 2026
Source: Bloomberg, European Central Bank and AB

Current Yield Level Still Points to Attractive Future Returns and Would Require a Large Sell-Off to Offset Carry

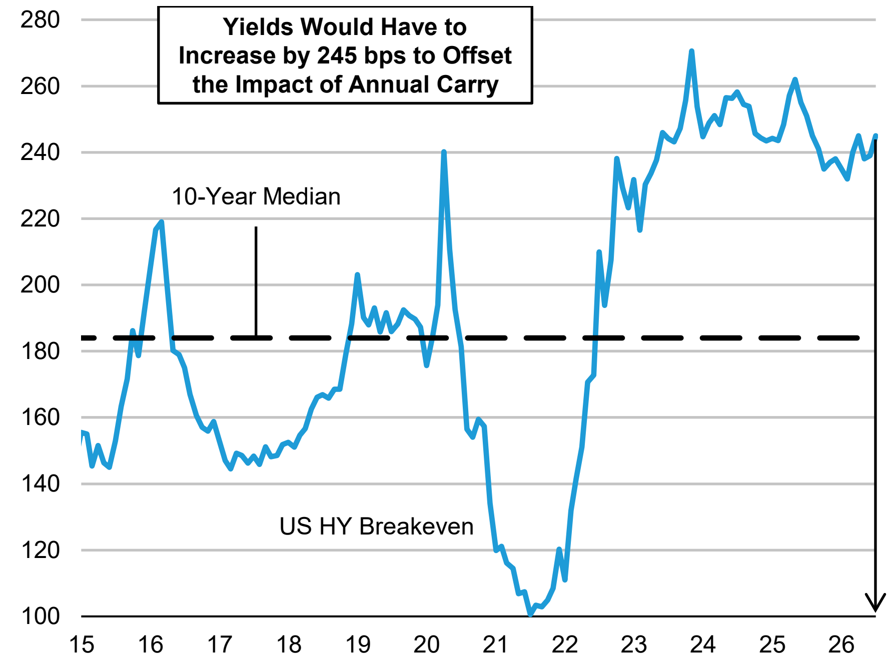
Yield to Worst Has Historically Been a Strong Predictor of Future Returns

Yield-to-worst and five-year forward annualized returns (percent)



The Break-Even Bar Is Still High for Spread-Widening to Offset Yield

Basis points



Past performance and historical analysis do not guarantee future results.

bps: basis points; GFC: global financial crisis; HY: high-yield

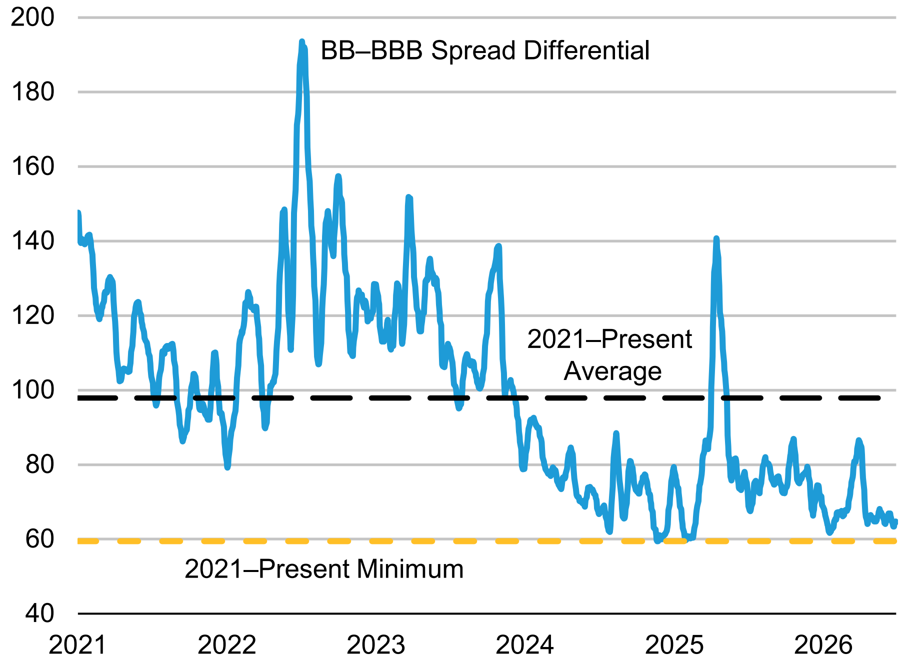
US high yield is represented by the Bloomberg US Corporate High Yield. Breakeven is calculated as yield to worst divided by duration.

As of 30 June 2026

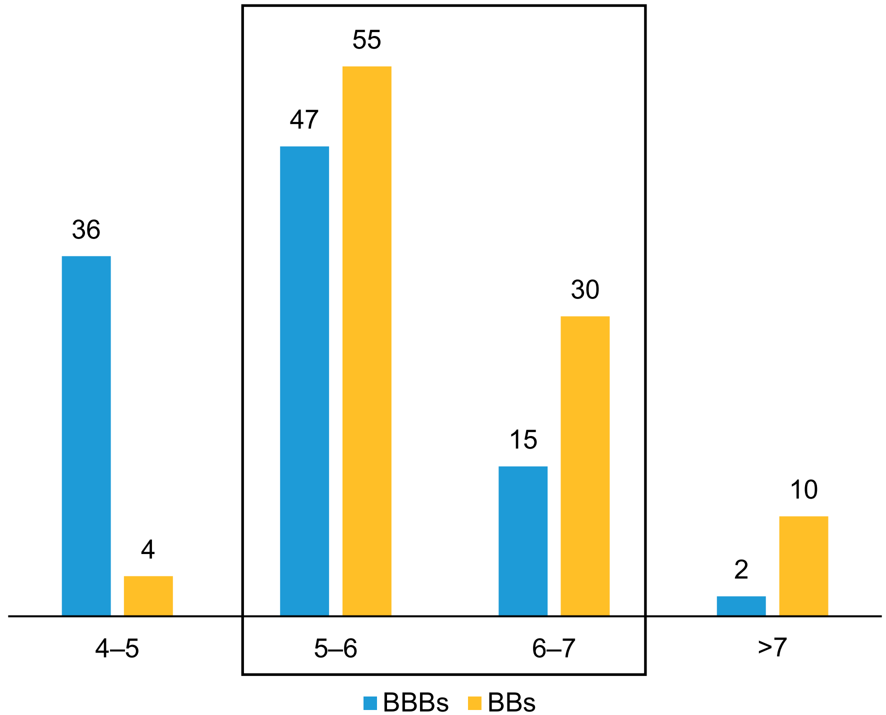
Source: Bloomberg, S&P and AB

Investors Can Move Up in Quality from BBs to BBBs Without Giving Up Much (or Any) Yield

The BB–BBB Spread Ratio Is Trading at Tight Levels
Spread (basis points)



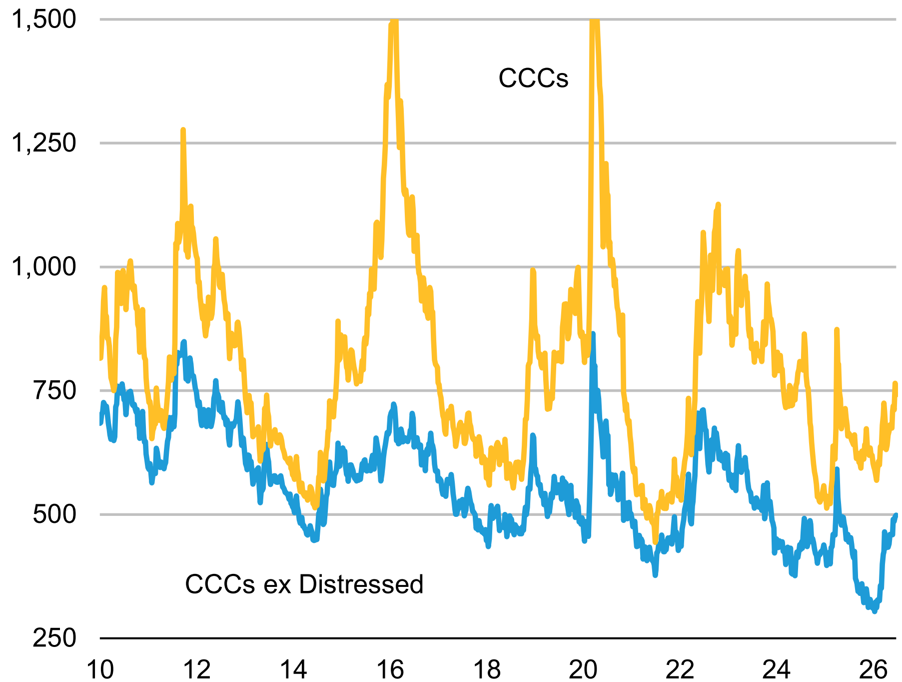
62% of the BBB Market Offers Yields Similar to Those of BBs
Yield-to-worst buckets (percent)



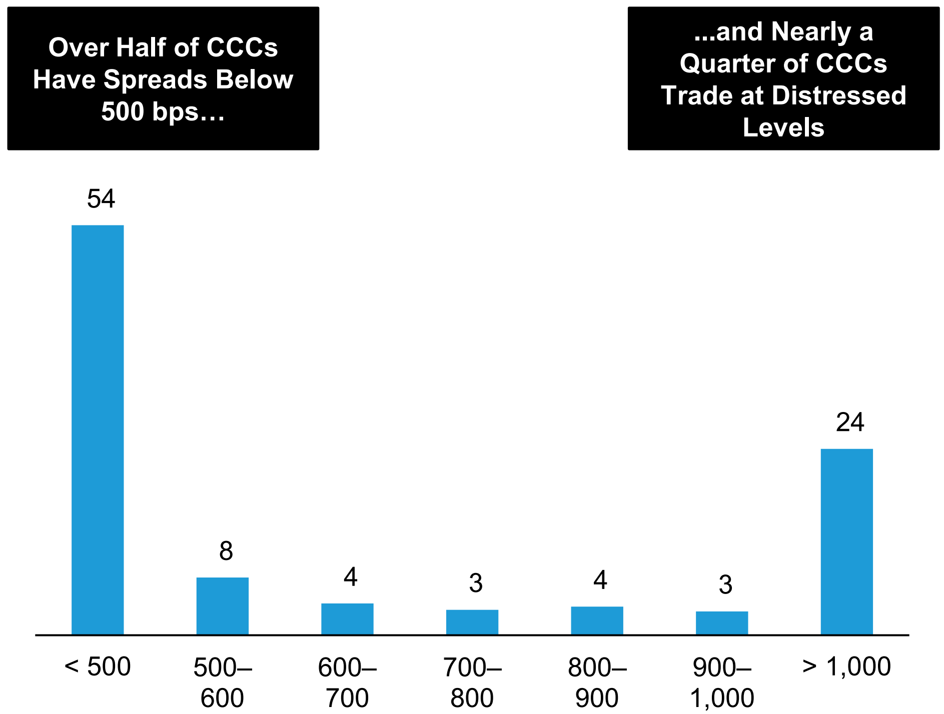
Past performance does not guarantee future results.
Bonds are rated by a nationally recognized statistical rating organization; AAA is highest (best) and D is lowest (worst). BBB bonds are represented by the BBB cohort bonds in the Bloomberg US Credit Corp. BB bonds are represented by the BB cohort bonds in the Bloomberg US High Yield Corporate.
As of 30 June 2026
Source: Bloomberg and AB

Not All CCCs Are Built the Same, Which Requires a Greater Emphasis on Credit Selection

When Stressed Bonds Are Excluded, CCC Compensation Is Near Its All-Time-Low Level…
Spread (basis points)



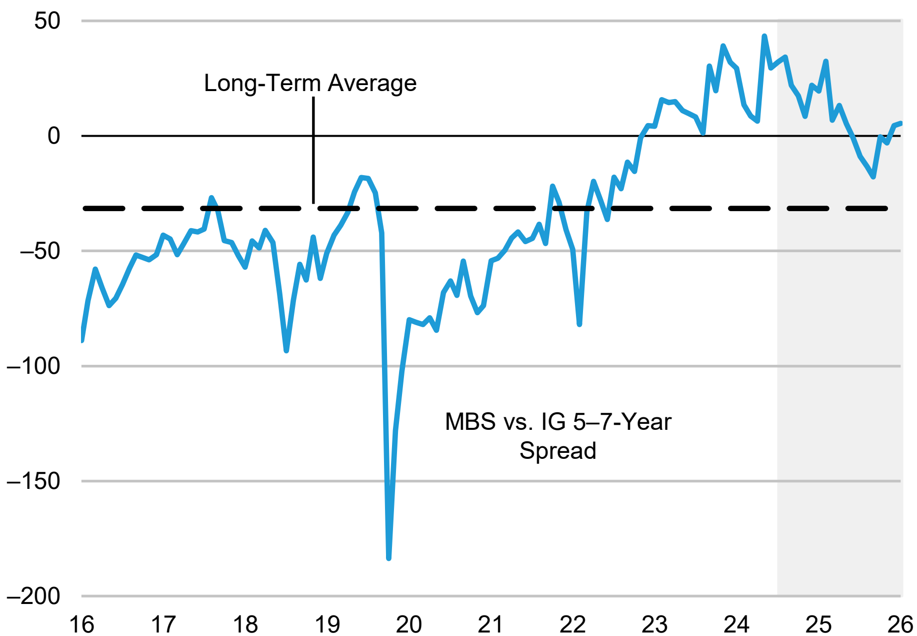
…Which Has Driven a Bifurcation in CCCs
CCC par by spread bucket (percent)



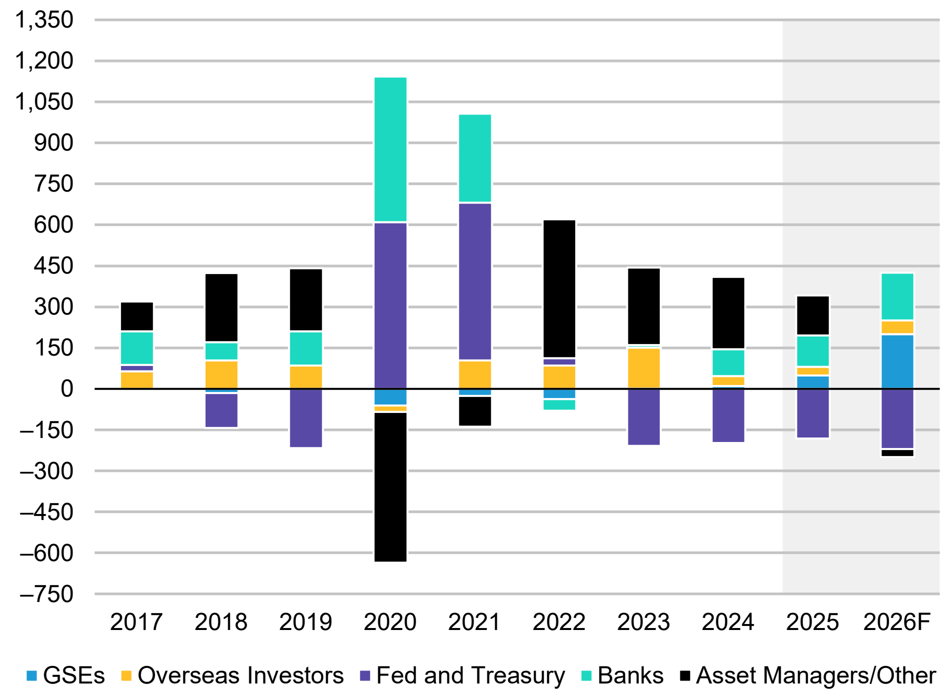
Past performance does not guarantee future results.
bps: basis points. CCCs are defined as bonds in the Bloomberg US High Yield Caa Bond.
Left display: Distressed is defined as bonds with a spread of 1,000 bps or more.
As of 30 June 2026
Source: Barclays, Bloomberg and AB

We Believe Agency MBS Deserve a Place in Today's Asset Allocation

Despite Recent Outperformance, Agency MBS Spreads Still Look Attractive vs. IG Corporates
Spread difference (basis points)



Demand for MBS Could Be Boosted by Banks, Overseas Investors and GSEs
Billions



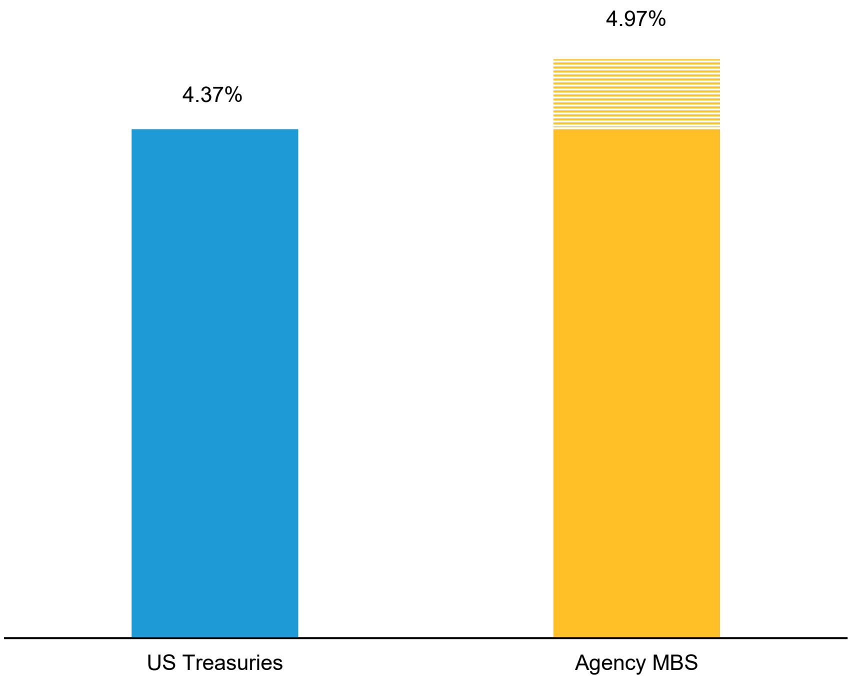
Past performance does not guarantee future results. There is no guarantee that any estimates or forecasts will be realized.

F: forecast; GSEs: government-sponsored enterprises; IG: investment-grade; MBS: mortgage-backed securities. Right display forecasts are from Morgan Stanley.
Agency MBS spread is represented by J.P. Morgan 30-Year Current Coupon Zero-Volatility spread; IG spread by JULI All Main Sectors All 5–7 Portfolio spread (Treasury).
Left display from 1 July 2016 to 30 June 2026; right display through 15 May 2026
Source: Bloomberg, J.P. Morgan, Morgan Stanley and AB

Diversifying Your Duration Exposure: We Believe Agency Mortgages Paired with US Treasuries Make Sense Today

Agency Mortgages Provide a Yield Pickup over US Treasuries…

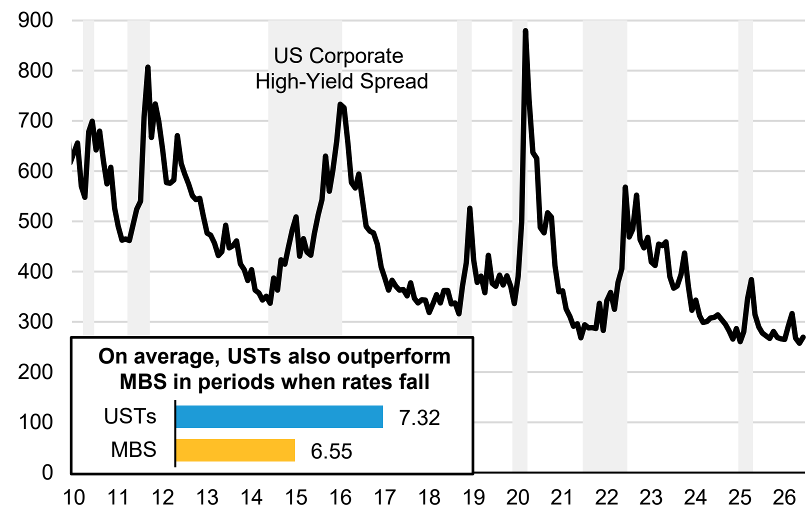
Index yield to worst



…but US Treasuries Can Provide Better Risk Mitigation if High-Yield Spreads Widen

Performance in periods when US high-yield spreads widen 100 bps or more

US Treas.	**3.6**	**7.8**	**3.3**	**2.6**	**8.2**	**–8.9**	**3.0**
Agency MBS	2.3	3.6	3.0	2.1	2.8	–9.0	2.8

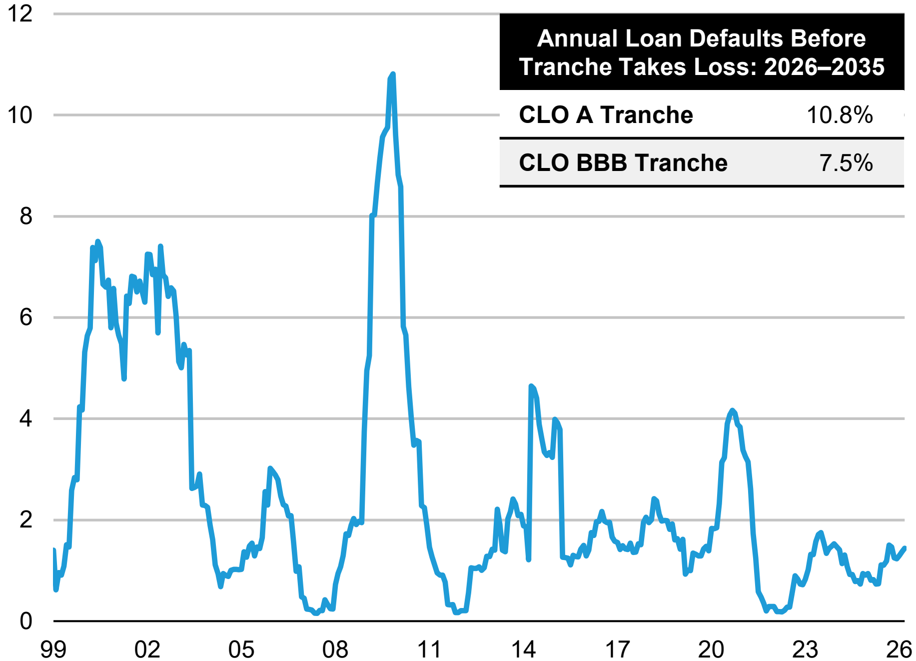


Past performance does not guarantee future results.

bps: basis points; MBS: mortgage-backed securities; USTs: US Treasuries. US Treasuries represented by Bloomberg US Treasury; agency MBS represented by Bloomberg US MBS. Right display reflects performance when Bloomberg US Corporate High Yield spreads widen by 100 bps or more. Average performance in falling-rate environments calculated by taking the average performance of US Treasuries and agency MBS in periods from 1 January 2010 to 30 June 2026, when the 10-year US Treasury yield fell by 50 bps or more. As of 30 June 2026. Source: Bloomberg, Federal Reserve Bank of St. Louis and AB

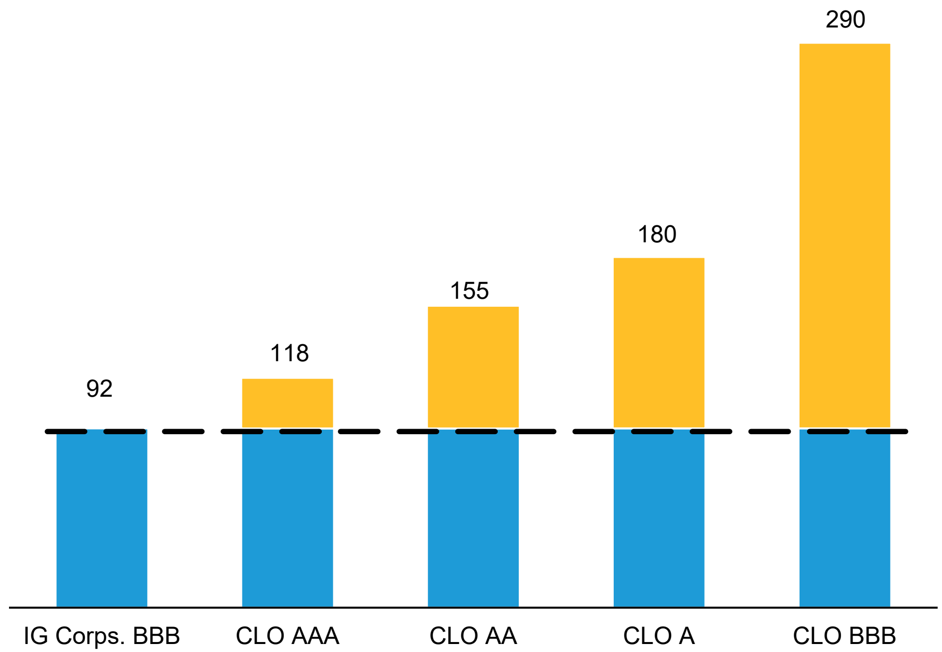
While We Are Cautious on Underlying Loans, CLOs Offer a Resilient Structure with an Attractive Spread Pickup over Corporates

Loan Defaults Are Elevated, but Defaults Would Need to Be Higher for Years for Certain CLO Tranches to Take Losses
LTM loan default rate (percent)



Annual Loan Defaults Before Tranche Takes Loss: 2026–2035	
CLO A Tranche	10.8%
CLO BBB Tranche	7.5%

CLOs Offer a Compelling Spread Pickup over US Corporates
OAS (basis points)

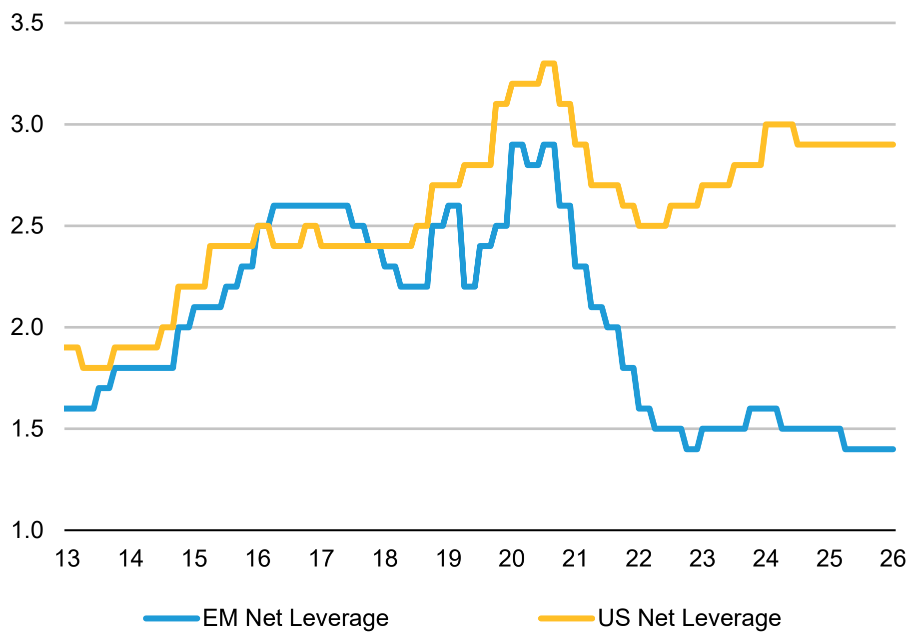


Past performance does not guarantee future results.
CLO: collateralized loan obligation; IG: investment-grade; LTM: last 12 months; OAS: option-adjusted spread
Bonds are rated by a nationally recognized statistical rating organization; AAA is highest (best) and D is lowest (worst). Ratings are subject to change. Investment-grade securities are those rated BBB and above. Left display: Analysis assumes 20% prepayments and 60% recoveries.
Left display as of 31 March 2026; right display as of 30 June 2026
Source: Bloomberg, J.P. Morgan, S&P, Wells Fargo and AB

Emerging-Market Corporate Fundamentals Remain Attractive

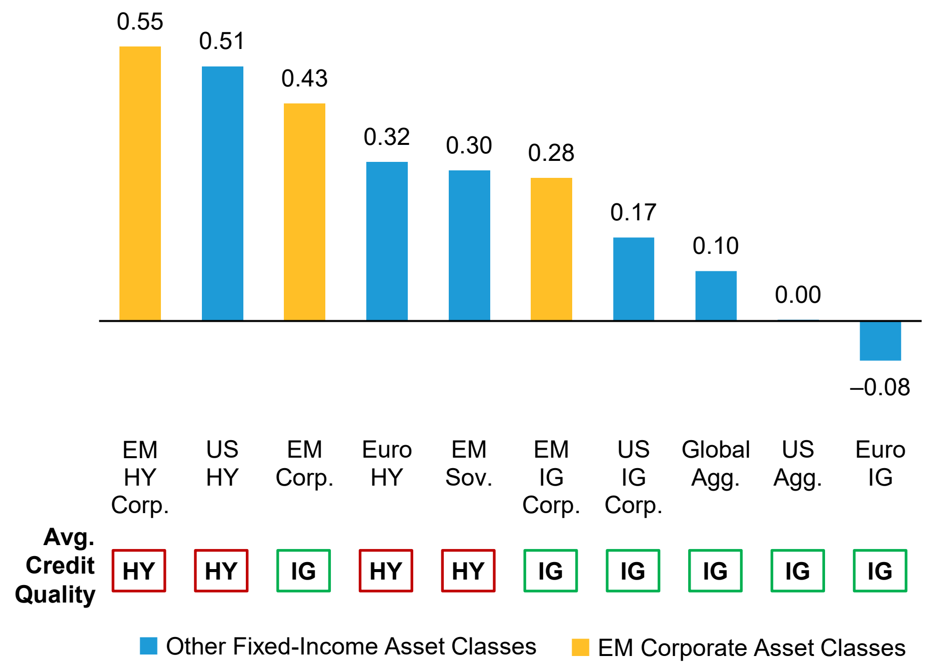
Fundamentals Remain Strong in EM Corporates

Net leverage



EM Corporates Continue to Offer Strong Risk-Adjusted Returns

Sharpe ratios (2015–2026)



Current analysis does not guarantee future results.

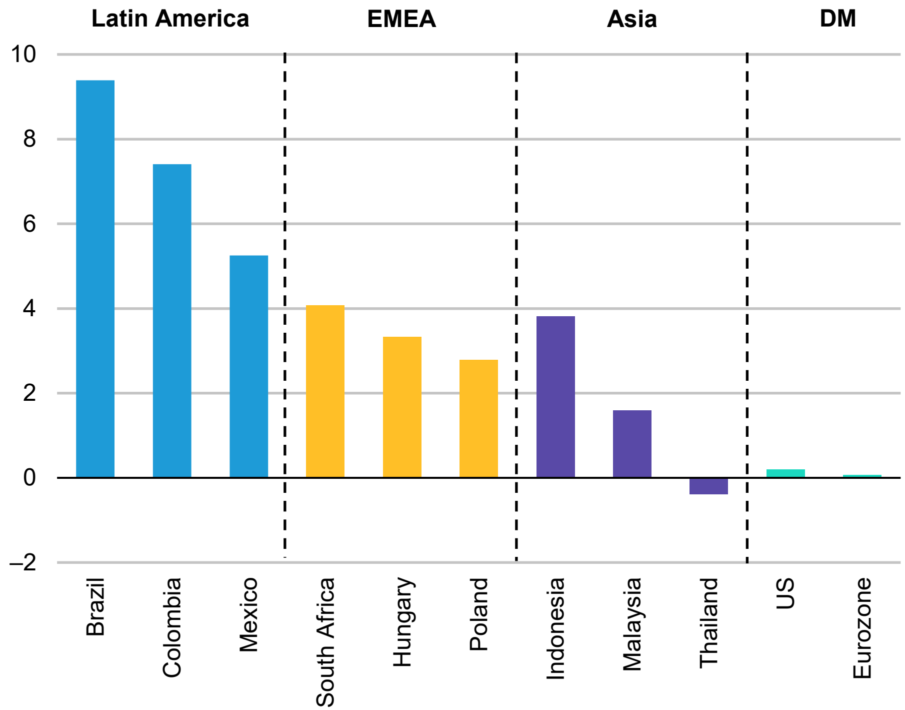
Agg.: aggregate; Corp.: corporates; EM: emerging-market; HY: high-yield; IG: investment-grade; Sov.: sovereigns. Right display: EM HY corp. represented by J.P. Morgan CEMBI Broad Diversified-HY; US HY by Bloomberg US High Yield; EM corp. by J.P. Morgan CEMBI Broad Diversified; Euro HY by Bloomberg Pan Euro High Yield; EM sov. by J.P. Morgan EMBI Global Diversified; EM IG corp. by J.P. Morgan CEMBI Broad Diversified-IG; US IG corp. by Bloomberg US Corporate Investment Grade; global agg. by Bloomberg Global Aggregate; US agg. by Bloomberg US Aggregate; and Euro IG by Bloomberg Pan European Aggregate Corporate

As of 30 June 2026

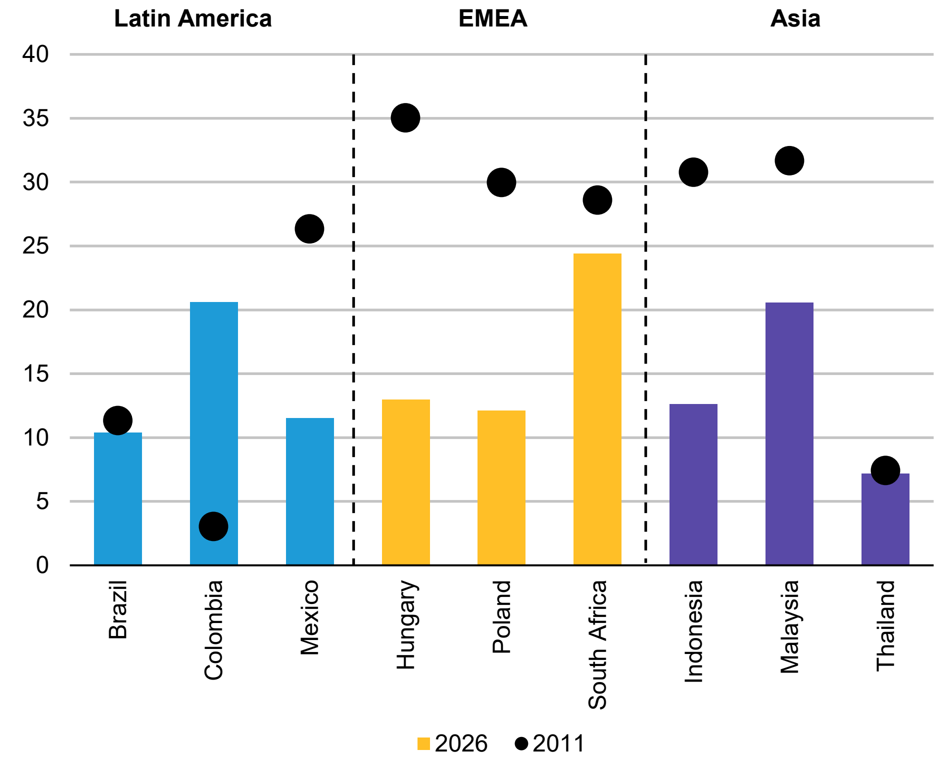
Source: Bloomberg, J.P. Morgan and AB

We Continue to See Opportunity in Certain Local Emerging Markets

Some Local Markets Remain Attractive
10-year real yields (based on headline CPI, percent)



Some EM Local Markets Remain Under-Owned
Foreign ownership of local debt (percent)



Current analysis does not guarantee future results.
EM: emerging-market; DM: developed markets; EMEA: Europe, the Middle East and Africa
Left display as of 31 May 2026, except for Hungary, Poland, Indonesia, Thailand and the Eurozone, which are as of 30 June 2026; right display as of 31 May 2026
Source: Bloomberg, J.P. Morgan and AB

A Word About Risk

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Important Risk Information Related to Investing in Equity and Short Strategies

All investments involve risk. Equity securities may rise and decline in value due to both real and perceived market and economic factors as well as general industry conditions.

A short strategy may not always be able to close out a short position on favorable terms. Short sales involve the risk of loss by subsequently buying a security at a higher price than the price at which it sold the security short. The amount of such loss is theoretically unlimited (since it is limited only by the increase in value of the security sold short). In contrast, the risk of loss from a long position is limited to the investment in the long position, since its value cannot fall below zero. Short selling is a form of leverage. To mitigate leverage risk, a strategy will always hold liquid assets (including its long positions) at least equal to its short position exposure, marked to market daily.

Important Risk Information Related to Investing in Emerging Markets and Foreign Currencies

Investing in emerging-market debt poses risks, including those generally associated with fixed-income investments. Fixed-income securities may lose value due to market fluctuations or changes in interest rates. Longer-maturity bonds are more vulnerable to rising interest rates. A bond issuer's credit rating may be lowered due to deteriorating financial condition; this may result in losses and potentially default, or failure to meet payment obligations. The default probability is higher in bonds with lower, noninvestment-grade ratings (commonly known as "junk bonds").

There are other potential risks when investing in emerging-market debt. Non-US securities may be more volatile because of the associated political, regulatory, market and economic uncertainties; these risks can be magnified in emerging-market securities. Emerging-market bonds may also be exposed to fluctuating currency values. If a bond's currency weakens against the US dollar, this can negatively affect its value when translated back into US-dollar terms.

Bond Ratings Definition

A measure of the quality and safety of a bond or portfolio, is based on the issuer's financial condition, and not based on the financial condition of the fund itself. AAA is highest (best) and D is lowest (worst). Ratings are subject to change. Investment-grade securities are those rated BBB and above. If applicable, the Pre-Refunded category includes bonds which are secured by US government securities and therefore are deemed high-quality investment grade by the advisor.

Index Definitions

Following are definitions of the indices referred to in this presentation. It is important to recognize that all indices are unmanaged and do not reflect fees and expenses associated with the active management of a mutual fund portfolio. Investors cannot invest directly in an index, and its performance does not reflect the performance of any AB mutual fund.

- **Bloomberg Commodity Index:** is calculated on an excess return basis and reflects commodity futures price movements. The index is designed to minimize concentration in any one commodity or sector. It currently has 23 commodity futures in six sectors. No one commodity can compose more than 15% of the index, no one commodity and its derived commodities can compose more than 25% of the index, and no sector can represent more than 33% of the index (as of the annual weightings of the components)
- **Bloomberg Emerging Markets Hard Currency (USD) Aggregate Index**: A hard currency emerging markets debt benchmark that includes USD-denominated debt from sovereign, quasi-sovereign, and corporate EM issuers
- **Bloomberg Emerging Markets Local Currency Government Index:** Tracks the fixed-rate local currency sovereign debt of emerging market countries
- **Bloomberg Emerging Markets USD Aggregate Index:** A hard currency Emerging Markets debt benchmark that includes fixed and floating-rate US dollar-denominated debt issued from sovereign, quasi-sovereign, and corporate EM issuers
- **Bloomberg Global Aggregate Corporate Bond Index:** Tracks the performance of investment-grade corporate bonds publicly issued in the global market and found in the Global Aggregate. (Represents global corporate on slide 4)
- **Bloomberg Global High-Yield Bond Index:** Provides a broad-based measure of the global high-yield fixed-income markets. It represents the union of the US High-Yield, Pan-European High Yield, US Emerging Markets High-Yield, CMBS High Yield and Pan-European Emerging Markets High-Yield indices. (Represents high yield on slide 4)
- **Bloomberg Global Investment Grade Corporate Bond Index:** a rules-based market-value-weighted index engineered to measure the investment-grade, fixed rate, global corporate bond market
- **Bloomberg Global Treasury Index:** Tracks fixed-rate local currency government debt of investment-grade countries. The index represents the Treasury sector of the Global Aggregate Bond Index
- **Bloomberg Global Treasury: Euro Bond Index:** Includes fixed-rate, local-currency sovereign debt that makes up the Euro Area Treasury sector of the Global Aggregate Bond Index. (Represents euro-area government bonds on slide 4)
- **Bloomberg Global Treasury: Japan Bond Index:** Includes fixed-rate, local-currency sovereign debt that makes up the Japanese Treasury sector of the Global Aggregate Bond Index. (Represents Japan government bonds on slide 4)
- **Bloomberg Leveraged Loan Index:** A market value-weighted index designed to measure the performance of the US leveraged loan market based upon market weightings, spreads and interest payments

Index Definitions (cont.)

- **Bloomberg MBS Index:** tracks fixed-rate agency mortgage-backed pass-through securities guaranteed by Ginnie Mae (GNMA), Fannie Mae (FNMA), and Freddie Mac (FHLMC)
- **Bloomberg Pan-European High Yield Index**: Measures the market of non-investment grade, fixed-rate corporate bonds denominated in the following currencies: euro, pounds sterling, Danish krone, Norwegian krone, Swedish krona, and Swiss franc
- **Bloomberg US Aggregate Bond Index:** A broad-based benchmark that measures the investment-grade, US dollar–denominated, fixed-rate, taxable bond market, including US Treasuries, government-related and corporate securities, mortgage-backed securities (MBS [agency fixed-rate and hybrid ARM pass-throughs]), asset-backed securities (ABS), and commercial mortgage-backed securities (CMBS)
- **Bloomberg US CMBS Investment Grade Index**: Measures the market of US Agency and US Non-Agency conduit and fusion CMBS deals with a minimum current deal size of $300mn
- **Bloomberg US Corporate High-Yield Bond Index:** Represents the corporate component of the Bloomberg US High-Yield Index and measures the USD-denominated, high yield, fixed-rate corporate bond market
- **Bloomberg US Treasury Index:** Includes fixed-rate, local-currency sovereign debt that makes up the US Treasury sector of the Global Aggregate Index. (Represents US government bonds on slide 4)
- **J.P. Morgan Emerging Market Bond Index Global:** A benchmark index for measuring the total return performance of government bonds issued by emerging-market countries that are considered sovereign (issued in something other than local currency) and that meet specific liquidity and structural requirements. In order to qualify for index membership, the debt must be more than one year to maturity, have more than $500 million outstanding, and meet stringent trading guidelines to ensure that pricing inefficiencies don't affect the index. (Represents emerging-market debt on slide 4)
- **MSCI EAFE Index:** A free float–adjusted, market capitalization–weighted index designed to measure developed-market equity performance, excluding the US and Canada. It consists of 22 developed-market country indices
- **MSCI Emerging Markets Index:** A free float–adjusted, market capitalization–weighted index designed to measure equity market performance in the global emerging markets. It consists of 21 emerging-market country indices. (Represents emerging markets on slide 4)
- **MSCI Europe Index:** Represents the performance of large and mid-cap equities across 15 developed countries in Europe. (Represents European Equities on slide 4)
- **MSCI USA Index:** Measures the performance of the large and mid-cap segments of the US market. With 624 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in the US
- **MSCI USA Minimum Volatility Index**: aims to reflect the performance characteristics of a minimum variance strategy applied to the US large and mid-cap equity universe
- **MSCI World Index:** A market capitalization–weighted index that measures the performance of stock markets in 24 countries. (Represents world on slide 4)

Index Definitions (cont.)

- **Russell 1000 Index**: A stock market index that represents the highest-ranking 1,000 stocks in the Russell 3000 Index, representing about 90% of the total market capitalization of that index.

- **Russell 2000 Index:** Measures the performance of the small-cap segment of the US equity universe. It is a subset of the Russell 3000 Index, representing approximately 8% of the total market capitalization of that index. It includes approximately 2,000 of the smallest securities based on a combination of their market cap and current index membership. Represents US Small Cap on slide 4)

- **S&P 500 Index:** Includes a representative sample of 500 leading companies in leading industries of the US economy. (Represents US Large Cap on slide 4)

- **S&P Global REIT:** serves as a comprehensive benchmark of publicly traded equity REITs listed in both developed and emerging markets

Notes on Simulation Results

Hypothetical or simulated performance results have certain inherent limitations. Unlike an actual performance record, simulated results do not represent actual trading. Also, since the trades have not actually been executed, the results may not reflect the impact that certain material economic and market factors might have had on an investment advisor’s actual decision-making if they were reflected of a managed account. Simulated trading programs in general are also subject to the fact that they are designed with the benefit of hindsight. No representation is being made that any account will, or is likely to, achieve profits or losses similar to those shown.

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